

U.S. Envoy Stone Holds Talks With Salvadoran Rebel Chief

by William D. Montalbano
Los Angeles Times Service

SAN SALVADOR — Richard Stone, the U.S. special envoy to Central America, has met for the first time with a key leader of the Salvadoran guerrilla movement. The meeting Sunday followed weeks of maneuvering and frustration.

"The ice has been broken," said resident Belisario Betancur of Colombia, who engineered the meeting at his offices in Bogotá.

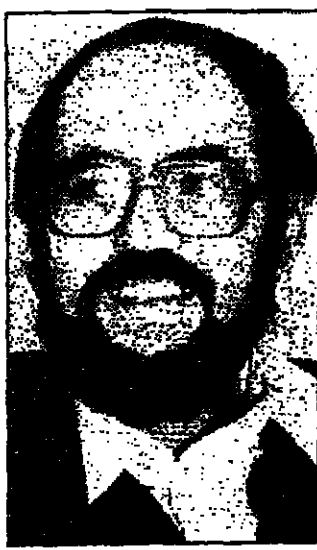
Mr. Betancur said Mr. Stone and his aides talked for two hours at midday Sunday with Ruben Zamora, the No. 2 leader of the Revolutionary Democratic Front, the political arm of the five Marxist-led guerrilla groups fighting government forces here.

The meeting was significant because it represented the first suggestion of possible political accommodation between opponents in a civil war that has claimed an estimated 40,000 lives in less than four years.

Mr. Stone's assignment is to encourage participation by the left in national elections, which will probably be held here in March 1984.

Mr. Stone arrived in San Salvador at nightfall Sunday to brief the provisional president, Alvaro Magaña, and other Salvadoran leaders in his session with Mr. Zamora.

Two and a half hours later, Mr. Stone was aboard a U.S. government jet on the way back to Bogotá.



Ruben Zamora

ment jet on the way back to Bogotá. He said he would meet there again with Mr. Betancur but he declined to say if he would also see Mr. Stone.

Mr. Betancur has been instrumental in efforts by the so-called Contadora group, made up of Colombia, Venezuela, Panama and Mexico, to forge a regional settlement to Central America's turmoil.

Mr. Stone has repeatedly stressed U.S. support for the effort.

Mr. Stone has repeatedly sought to meet with political leaders of the Salvadoran left, all of whom live in exile, since becoming President Ronald Reagan's emissary to Central America in early June.

He was unable to arrange a meeting with the Salvadoran rebel leaders, including Mr. Zamora, in Costa Rica early in July.

Before Mr. Zamora's meeting Sunday with Mr. Stone, the left had said repeatedly that it wanted to negotiate power-sharing before any election, a position unacceptable to Mr. Magaña and other members of a nine-member National Political Commission who heard Mr. Stone's report Sunday.

Mr. Stone, who is due in Nicaragua on Monday afternoon for talks with Sandinista leaders in a related search for a negotiated reduction of tensions, arrived in the Colombian capital Friday.

Guillermo Ungo, president of the Revolutionary Democratic Front, had preceded him there by two days. Reports from Bogotá on Sunday night said Mr. Ungo had formulated a written proposal for negotiations that Mr. Stone and the Salvadorans.

By one unconfirmed report, Mr. Ungo's plan calls for direct negotiations between his organization and the Salvadoran government.

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Richard B. Stone, the special U.S. envoy, made a brief visit to San Salvador on Sunday night to report to government leaders on his talks with a rebel leader, Ruben Zamora.

France to Arm Chad Against Libya Threat

U.S. Accuses Libyans of 'Aggression'

By Edward C. Burke
New York Times Service

WASHINGTON — The United States has accused Libya of "open aggression" in bombing a strategic town in Chad, its southern neighbor.

The charge Sunday followed reports from government officials and diplomats in Chad's capital, Ndjamena, that Libyan planes had aided a rebel attempt to retake the town, Faya-Largeau, on Saturday.

The State Department, in an unusually strong statement, condemned the air raids on Faya-Largeau and called for immediate withdrawal of Libyan forces from the former French colony.

The department said that the United States was holding consultations on the situation "on an urgent basis with friendly governments, including the French."

Faya-Largeau was seized June 24 by Libyan-supported forces of former President Goukouni Oueddei. The town was recaptured Saturday by troops of President Hissène Habré after a four-hour battle.

The United States has pledged \$10 million in aid and supplies to Chad's government in its war against the rebels. Last week, two U.S. military transports arrived in Ndjamena with the first consignment of military aid to the Habré government.

According to the State Department, "Libya is using Soviet-built fighter-bombers and reportedly helicopter gunships" to conduct the raids on Faya-Largeau.

It said that the planes were "Libyan aircraft." It denounced the bombing in Chad as a "further flagrant and unprovoked outburst of intervention in the internal affairs of that country and a dangerous escalation of the situation."

The United States condemns this open aggression by Libyan armed forces, it went on. "Libya should cease its bombing raids im-



Hissène Habré

mediately and should withdraw its military forces from Chad. Libya's action further escalates and changes the nature of the conflict in Chad. This overt intervention is dangerous to stability in the region."

U.S. Reviews Aid Program

The United States is reviewing its military assistance program for Chad in light of the Faya-Largeau bombing, the State Department said Monday, according to United Press International.

The administration announced last week a \$10-million program for Chad, but it contained "nonlethal" military equipment to support the Zairian troops helping Chad. The supplies include food, clothing, radios and some vehicles.

Libya Denies Charges

Libya denied U.S. charges that its forces had intervened in Chad. A government statement carried Monday by the official news agency said Libya "energetically protests at being accused of something it has not done and which was done by the imagination of the American administration with the aim of distorting Libya's role and neutrality in the conflict."

New Bombing Along Border Is Charged

By E.J. Dionne Jr.
New York Times Service

PARIS — France announced Monday it was sending anti-aircraft weapons to Chad following charges by the government of President Hissène Habré that Libyan aircraft had bombed the northern town of Faya-Largeau for the third day in a row.

France's decision, announced by the government spokesman, Max Gallo, fell short of Mr. Habré's request for full-scale intervention by the French Air Force.

In other developments as reported by The Associated Press:

• The Chadian chargé d'affaires in Paris said the Libyans carried out three raids on Faya-Largeau Monday morning, dropping phosphorus bombs.

• The Libyan news agency said that Mr. Habré's forces in the city were "completely encircled" and were expected to surrender soon.

• CBS News reported that a U.S. aircraft carrier, the Eisenhower, had been placed on alert in the Mediterranean.

The government of President François Mitterrand has provided substantial military aid to Mr. Habré's forces, who are fighting Libyan-backed rebel troops led by former President Goukouni Oueddei. But the French have so far resolutely resisted sending troops, despite Mr. Habré's repeated requests.

In an effort to underline that Monday's escalation in support was not a step closer to direct military intervention, the French External Relations Ministry issued a statement shortly after Mr. Gallo's announcement saying the new assistance did not represent a "change in position" by France but only "an adaptation of logistical support."

Libya has denied "categorically" that its planes are operating over Chad.

(Continued on Page 2, Col. 5)

Republican Leader Opposes Reagan on Advisers for Salvador

By John Wilke
Washington Post Service

WASHINGTON — The House minority leader, Robert H. Michel, said Sunday that he favored holding the number of U.S. military advisers in El Salvador at 55 and indicated that he would oppose an increase if the Reagan administration moved in that direction.

Referring to the administration's self-imposed ceiling of 55 advisers, Mr. Michel, a Republican of Illinois, said, "My view is to hold that number at that level, and I have made it quite clear to the administration."

Administration sources said last week that the Pentagon has proposed to the White House that the ceiling on the number of military advisers in El Salvador be raised from 55 to 125.

President Ronald Reagan has said the request has not reached his desk.

Asked what he would do if the administration moved to more than double the number of advisers, Mr. Michel said: "Well, I have problems with that."

He added: "I don't intend to back away from that position because then, again, that says something."

The House approved legislation Thursday that would replace covert support for the anti-Sandinista rebels with \$80 million of open aid to friendly nations to help stop alleged shipments of arms to leftist anti-government forces in El Salvador.

Mr. Michel, who has been a chief

Congressional supporter of administration policy in Central America, said \$80 million would be inadequate to stem the movement of arms.

"It's going to cost considerably more, and I'm talking about hundreds of millions of dollars," Mr. Michel said.

Cover aid "has been fairly successful," Mr. Michel said, "and I would rather use indigenous forces that are there to do some of our bidding, rather than having the prospect of American troops actually engaged."

In Portland, Maine, Vice President George Bush asked U.S. governors for support on the administration's Central American policies.

"We are not sending U.S. troops into combat in Central America," Mr. Bush said. "We are not trying to overthrow the Nicaraguan government."

He said there were "some encouraging signs" of a possible diplomatic solution.

"Even Fidel Castro's most recent speeches conveyed a less belligerent tone and supported regional cooperation," he said.

Governor Anthony S. Eard of Wisconsin, a Democrat, said he questioned the argument "that somehow we are demonstrating our will to be reasonable by sending troops down there. It's a awful waste of money."

Also commenting Sunday on Central America was the U.S. representative to the United Nations,

Jean J. Kirkpatrick, who is widely regarded as an architect of the administration's Latin American policies.

She agreed that Mr. Reagan should "keep the heat on" in Nicaragua and said that negotiating efforts by the so-called Contadora group of Colombia, Mexico, Panama and Venezuela, offer "a good deal of hope" for a regional settlement "and we very much support that process."

Senator John Glenn, Democrat of Ohio, who is a presidential candidate, said in a television interview about the military maneuvers in Central America, "I don't think the American people were misled by the announcement that it was only a routine training exercise."

Syria Again Challenges U.S. Mideast Mediation

By Loren Jenkins
Washington Post Service

DAMASCUS — President Hafez al-Assad of Syria blasted U.S. mediation efforts in the Middle East on Monday as President Ronald Reagan's new special negotiator, Robert C. McFarlane, began a swing through the region's capitals in search of a way to break the deadlock over foreign troop withdrawals from Lebanon.

With Mr. McFarlane spending his first day in the region in talks with Lebanese government leaders in Beirut, the Syrian president reiterated his opposition to all previous U.S. peace plans and proposals for the area, from Camp David to the recently negotiated Israeli-Lebanese accord. Mr. Assad also challenged the fairness of any U.S. mediation in the light of Washington's close political and military ties to Israel.

The president's remarks, in a speech marking Syria's armed forces day Monday, reinforced pessimism among foreign and Arab analysts in Damascus over the prospects for Mr. McFarlane's mission to try to breathe new life into the stalled U.S. peacemaking efforts in the Middle East.

"How could the U.S. be a fair mediator between any Arab party and Israel when she has been encouraging and fully backing Israel's continuous aggression against the Arabs?" Mr. Assad asked rhetorically.

"Through the state of disorder deliberately created by the U.S. in the Arab area, the U.S. has claimed itself as a mediator and arbiter not only between the Arabs and Israel but between the Arabs themselves as well," he added.

"This mediation cannot be accepted unless we accept that the enemy can be a fair judge," Mr. Assad continued. "This is only accepted by those who give themselves up to the United States" — something Mr. Assad made clear he would never do.

Mr. Assad strongly reiterated his opposition to the U.S.-brokered Israeli-Lebanese agreement that Mr. McFarlane is seeking to get the Syrian government to accept.

The president's speech seemed sure to dampen whatever optimism there might have been in Washington after Syria agreed to see Mr. McFarlane on his six-nation tour of the area. Last May, the Syrian government refused to have any further dealings with Philip C. Habib, Mr. McFarlane's predecessor,

thus effectively ending Mr. Habib's usefulness as a mediator.

PLO Factions Battle

Thomas L. Friedman of The New York Times reported from Beirut:

For the 10th day in a row, Palestinian rebels opposed to the leadership of Yasser Arafat fought heavy gun battles with Arafat loyalists Monday in the fields and villages of Lebanon's central Bekaa Valley.

The state-run Beirut radio said the fighting, which involved artillery, heavy machine guns and rocket-propelled grenades, began around dawn and picked up in intensity as the day went on.

Over the weekend Mr. Arafat, the chairman of the Palestine Liberation Organization, sent out an appeal to all Arab heads of state charging that Syrian and Libyan troops were attacking his guerrillas inside Lebanon, adding that "what is happening now is only a prelude to a new massacre."

A Syrian government spokesman responded to Mr. Arafat's verbal attack by accusing him of being a "liar" and a "blackmailer."

"Any lies and falsehoods that emanate from an insignificant man like Yasser Arafat cannot harm Syria's great stance," said the Syrian spokesman in a statement carried by the Syrian news agency.

Mr. Arafat has summoned a meeting of the PLO's Central Council for Wednesday at his Tunis headquarters to discuss the Palestinian crisis. The 81-member Central Council is in charge of making PLO policy when the organization's parliament, the Palestine National Council, is in recess.

INSIDE

■ President Reagan defines his legal and moral approach to equal rights. Page 3.

■ In the Land of the Rising Sun, homeowners find their legal rights to their rays are growing shadowy. Page 4.

■ France's intellectuals seem to have cooled their passion for the left. Page 4.

■ Howard Dietz, who wrote the lyrics for many popular American songs, died in New York at 86. Page 4.

TOMORROW
■ Japan's educational system: Its progress and achievements. The first of a series.



STREET MARKET — With food supplies scarce and prices spiraling in Sri Lanka, a fish vendor set up shop in a street beside a burned-out building. Story, Page 2.

Zimbabwe Limits Foreign Journalists

By Jay Ross
Washington Post Service

HARARE, Zimbabwe — The Zimbabwe government barred foreign correspondents based in South Africa from reporting in the country Monday in a move that is likely to have far-reaching impact on coverage of southern Africa.

The prohibition, one of a series of actions aimed at Western reporters in recent months, was announced one day after six South African governments agreed to such a ban as part of an "offensive" against what they called South Africa's "systematic discrimination."

would prevent entry into the six so-called front-line nations — Zimbabwe, Zambia, Mozambique, Angola, Tanzania and Botswana — by more than 100 Western correspondents who cover southern Africa from Johannesburg. Locally based correspondents reporting to bureaus in South Africa were also banned.

"We want a total information disengagement from South Africa," a Zimbabwean government spokesman said. The policy, he added, will be applied "very, very firmly" and immediately.

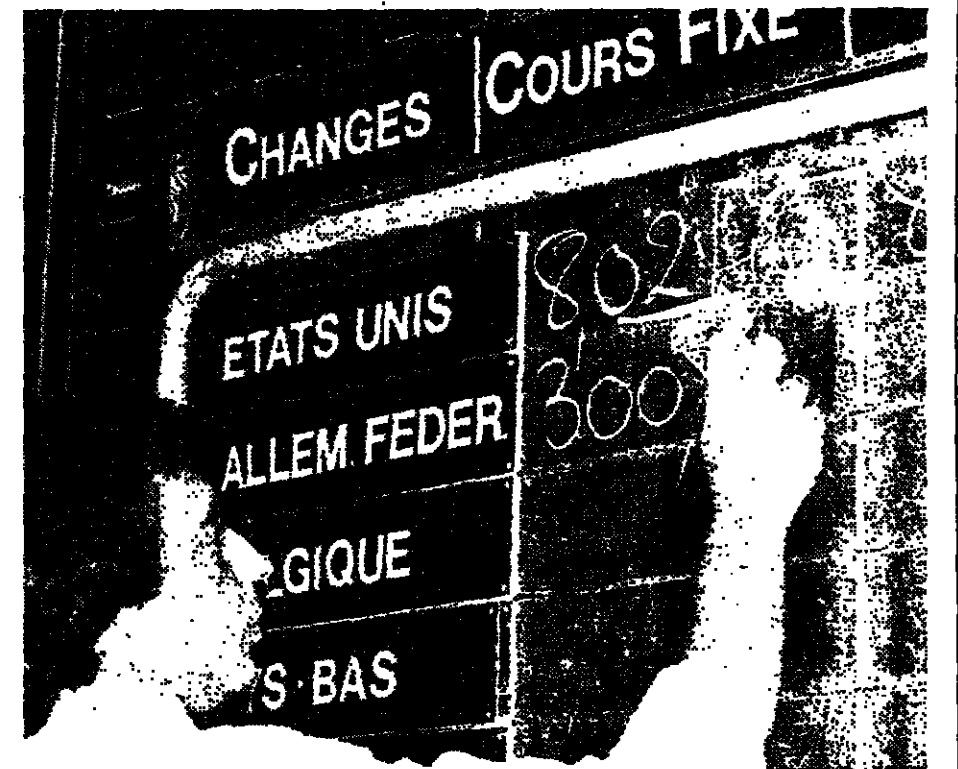
For the time being, reporters for South African media are not affected, but the spokesman, Justin Nyoka, said the policy would even-

tually cover them as well, although the government will make some exceptions. It was believed that the South African press would be limited to one Harare-based correspondent per publication.

The ban will especially affect television coverage because the three major U.S. and two British networks have no correspondents in black Africa, relying for coverage on crews from Johannesburg.

Three persons from the British Broadcasting Corp., the only South African-based journalists currently in the country, was told to leave as soon as possible after being refused credentials to work.

The action means that the media (Continued on Page 2, Col. 3)



EIGHT TO THE DOLLAR — At the foreign exchange in Paris Monday, the U.S. dollar was quoted at 8.024 francs, an increase from Friday's 7.958. Page 7.

Hare Krishna Sect Alarms Kremlin

Paper Accuses CIA of Trying to Subvert Soviet Society

By Serge Schmemmann
New York Times Service

MOSCOW — Although no sightings have been reported of a Krishna chapter in the Siberian city of Krasnoyarsk and conviction of its leader for "parasitism."

The paper treated the movement as a kind of misguided idealism imported from the West that was deplorable because it lured people away from socially useful lives.

That warning apparently went unheeded, because Nedelya, the weekend supplement of the government newspaper Izvestia, has issued a far more alarmed and threatening report on the doings of the sect.

The journal reported the trial of leaders of a Krishna group in Moscow. Although the date, sentences

and charges were not specified, the authors of the article, Vadim Kassis and Leonid Kolosov, described the Krishna organization in the Soviet Union as a deliberate U.S. "diversion" whose victims became mentally warped and whose U.S. leader was nothing less than an agent of the Central Intelligence Agency.

Soviet opposition to a new manifestation of religion is hardly surprising, and the attempt to brand the newly imported sect as somehow subversive recalled similar assaults on denominations introduced from the West.

But the attack on the Krishna sect stood out from the usual flow of anti-religious propaganda because the spread of the movement had been virtually unnoticed by Westerners here. One possible explanation for the official concern gleaned from the press reports was that the movement seemed to have taken root among the Soviet equivalent of a middle class.

The Krishna members identified in the Soviet articles included engineers, technicians, an athlete and

others with higher education. This young intelligentsia has shown increasing fascination in Soviet ideology, including Eastern philosophies, extrasensory perception and faith healing, without reports of heavy resistance from the government.

But the Hare Krishna movement appears to set off elemental anxieties in the Kremlin. After harrowing accounts of young people destroyed by the movement, Nedelya said:

"This, then, is the 'International Society for Krishna Consciousness,' a pseudo-Hindu mystic-religious sect, having a distinct anti-Communist character. The Krishna 'movement' calls for an escape from reality, since all existence is only illusion. Thus, a person need not be interested in the fruit of his work, he must abandon socially useful activities, he has no fatherland, no family, no close ties, only an all-embracing love for God."

Accompanying the article was a (Continued on Page 2, Col. 5)

Singapore Is Feeling the Effects of the Worldwide Oil Tailspin

By Bob Secor

Los Angeles Times Service

SINGAPORE — Wayne Ward, one of the hard-drinking, free-spending Texans who have ruled the oil rigs of the South China Sea, is saddling up and heading on to another exotic place — Houston.

Mr. Ward, 34, has been overseas for nine years, splitting his time between two-week stints of monastic seclusion on male-only drilling platforms in the Middle East and Far East and two weeks of carousing and womanizing ashore.

Now the veteran "oily" life as a well-paid gypsy has come to a temporary halt. The worldwide oil glut, high living costs and new nationalistic work rules imposed by Indonesia, the region's biggest oil producer, have made Mr. Ward's job expendable, along with those of many other expatriate American oilmen.

A few weeks ago, Mr. Ward was laid off. "I don't know what I'm going to do, exactly," the Houston native said the other day. "I guess I'll go home and goof off until I grow up."

The global tailspin in the oil industry has finally caught up with

Houston East, as this island city-state of 2.5 million people has been nicknamed. Singapore has no oil reserves itself but, through shrewd economic planning and a prime location near the oil fields of neighboring countries, it has emerged as the headquarters of the East Asian oil industry.

Despite its size, Singapore is the world's No. 3 oil refiner and No. 2 producer of rigs. It has also become regional home to hundreds of companies involved in exploration and drilling operations.

For the past decade, the petroleum industry here, like Singapore itself, has boomed. But in recent months that has started to change.

"The first year I joined this company I hired 100 guys," said the personnel manager of an American company that provides technical assistance to rig operators. "All I had to do was get good people and keeping them happy and working. Now it's a matter of cutting costs wherever you can. Now I have to release guys with a lot of experience."

There is no trade organization or government body that keeps industry employment figures, but signs

of a downturn are evident. For the first time, at least 20 offshore oil rigs are moored off the island, idle and rusting.

Royal Dutch/Shell, the British-Dutch group that runs the biggest of Singapore's five major refining operations, has announced plans to mothball half its plant. One high-level executive said recently that Singapore's refinery industry could be running at half of capacity by next year.

In the bars and restaurants catering to the petroleum crowd, the industry's troubles are obvious. At the Jockey Club, for example, a popular hangout in the middle of the Orchard Road shopping belt, lunchtime table space was at a premium only a few months ago for oilmen downing thick slabs of roast meat with several beers. Now, at noon, most seats in the house are vacant.

Expecting a drop in the number of oil workers, trustees at the Singapore American School, the biggest and most prestigious private school for foreign children, have relaxed previously rigid standards that required all students to be fluent in English before they could enroll.

While the oil glut is partly to blame for the industry's setbacks here, industry analysts point to two events involving Indonesia as bearing much responsibility for the current disruption.

In the past, Indonesia, the region's No. 1 oil producer, sent much of its crude to Singapore to be refined. But refinery expansion projects in Indonesia have begun operations, resulting in a loss of business here. In 1982, Pertamina, the Indonesian national oil company, refined an average of about 200,000 barrels a day in Singapore, industry sources said. For the first half of this year, the figure reportedly dropped to 60,000 to 70,000 barrels a day.

Also, early this year, Indonesia began for the first time to enforce long-standing rules requiring that the more highly skilled technical positions on oil rigs be filled by native workers.

Of the 100 workers on an average-size rig at any one time, approximately 30 — generally those with the most sophisticated skills — in the past would have been expatriates. That number now rarely exceeds 10 or 20. Additional rig-

ulations scheduled to take effect next year should reduce further the number of non-Indonesians.

Editors at Petromin, a local trade magazine, say that their index of regional companies providing services, such as renting and repairing rigs and hiring crews for them, has grown by about 20 percent in the past year. The increased competition has led many of the once-fat companies to look for ways to trim costs.

The heaviest burden of those cutbacks has fallen on American workers who make the most money and get the best fringe benefits.

A typical American rig engineer might make more than \$3,000 a month in base pay, and his fringe benefits — for rent, transportation, schooling and medical care — might double or triple that amount, said an executive of a major service company, who asked that neither his name nor his company's be used.

In the past, engineers like Mr. Ward would normally work two weeks and then be flown to Singapore or some other city in the region for two weeks off.

Lately several large oil-related

companies have changed the routine. Increasingly, workers are spending a month on the job and then being flown to the United States, Europe, Australia or wherever they come from rather than being subsidized at Singapore's high prices.

The cost of living in Singapore has become the chief complaint of the expatriate community. Cameras, watches and other consumer goods once considered great bargains may be less expensive now in the United States.

The American personnel manager, who also requested anonymity, said his company has calculated food costs in Singapore at more than 50 percent higher than those in the United States.

But possibly the biggest complaint concerns the price of alcohol. A beer at the cheapest of nightspots costs more than \$2.50, and more than twice as much at many places.

"In Houston, I can drink beer all night for \$25, but here it costs me \$100 to \$125 to get blitzed," said John Baranick, a night hand who was having a night on the town.

WORLD BRIEFS

NATO Allies Briefed on Arms Talks

BRUSSELS (AP) — The United States briefed its NATO allies Monday on the state of the Geneva negotiations with the Soviet Union. The allies called on the Soviet Union to "make a constructive effort to reach an agreement" and said they were pleased with the U.S. proposals for an accord.

No details were revealed on the allied discussions, which were held on the eve of the conclusion of the fourth round of the Strategic Arms Reduction Talks.

A U.S. official said that Edward L. Rowny, the chief U.S. negotiator at Geneva, had met for two hours with NATO ambassadors at the alliance headquarters. "There was an intensive and useful exchange of views," the NATO officials said in a statement.

Iran Aide Restates Stand on Gulf War

TEHRAN (Reuters) — Foreign Minister Ali Akbar Velayati of Iran said Monday that his country would fight on against Iraq in the Gulf war until Baghdad accepted three Iranian peace conditions.

In an interview on the third day of an Iranian offensive, Mr. Velayati said that the conditions were the complete Iraqi withdrawal from Iranian territory, the payment by Baghdad of war damages, and the punishment of Iraq for invading Iran. As a first stage, he said, Iran is demanding that Iraq simply accept the conditions; the details of their implementation would be handled later, he said.

"At present, the most important issue is the declaration of acceptance of the Iranian conditions by Iraq. This is the basic thing and the other issues we shall go into later," he said. But Mr. Velayati added that Iran had seen no sign that Iraq was moving toward accepting the Iranian terms. Iran's latest drive was launched Saturday on the central sector of the battlefield.

7 South Asian Nations Form Group

NEW DELHI (AP) — Foreign ministers of seven South Asian nations launched on Monday an organization for regional cooperation that they hope will strengthen their ties.

The Indian external affairs minister, P.V. Narasimha Rao, elected as chairman of the Organization for South Asia Regional Cooperation, said that it would seek to "increase mutual cooperation and to enhance the prospects for progress and prosperity in South Asia."

The foreign ministers of India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and the Maldives vowed their determination to make the new group work. The foreign ministers will end their meeting Tuesday by issuing a communiqué to announce formally the formation of the regional organization.

Walesa Vows Talks With Union Chiefs

WARSAW (AP) — Lech Walesa, who ended a monthlong vacation Monday to return to work at the Lenin shipyard in Gdansk, renewed his pledge to meet with the Solidarity union's underground leadership.

Mr. Walesa, however, declined to reveal the strategy Solidarity plans to follow with the lifting of martial law July 22, or to disclose how the union plans to mark the third anniversary of its formation, Aug. 31. He also declined to disclose his plans to meet with the union's five-man "temporary coordinating commission" but told an American television news crew: "Of course I will meet them. That is my duty."

Mr. Walesa, who wore a Solidarity T-shirt to work, said the tough new legislation enacted with the end of martial law will "make things worse." He said: "It is a return to the Stalinist era, and that is a bad thing." His remark echoed a recent letter from the Roman Catholic Church warning the government against a return to Stalinism.

Turk Says Armenians Hide in Beirut

ANKARA (Reuters) — The Turkish foreign minister, Ilter Turkmen, assailed the Lebanese government Monday for not clamping down on Armenian guerrillas operating from that country.

"The least they could have done was prevent Armenian terrorists boarding planes in Beirut armed like arsenals," he said.

Mr. Turkmen said that Armenian guerrillas, who have killed about 40 persons in anti-Turkish attacks since the early 1970s, were often found to have Lebanese passports.

War on Crime a Success, Marcos Says

MANILA (UPI) — President Ferdinand E. Marcos said Monday that his administration was winning the war against crime and insurgency in the Philippines.

Mr. Marcos said a problem of insurgency in much of the countryside was under control.

"In 1979, New York, Los Angeles and San Francisco had a crime rate averaging some 750 incidents per 100,000 people a month, or 26 times that of metropolitan Manila," Mr. Marcos said.

U.S. Dropped Grain 'Escape Clause'

WASHINGTON (AP) — U.S. officials, responding to Soviet concerns, dropped an escape clause in negotiating a new long-term grain agreement, the U.S. delegation's leader said Monday.

The expiring grain agreement contained a provision allowing the United States to reduce or suspend deliveries to the Soviet Union in case of a commodity shortage.

"They thought they couldn't depend on this country for delivery of products," Robert Lightfoot said in briefing Senate Agriculture Committee members on the recently concluded negotiations.

Craxi to Meet With Coalition Leaders

ROME (Reuters) — Italy's Socialist prime minister-designate, Bettino Craxi, was to meet Monday with prospective coalition partners amid mounting optimism among politicians that a government could be sworn in by the end of next week.

Since the June elections, Mr. Craxi has been negotiating with the dominant Christian Democrats, the Social Democrats, Republicans and Liberals to persuade them into a five-party coalition with his Socialist Party.

Political commentators said the most difficult task still facing Mr. Craxi was to negotiate a parceling out of cabinet posts that would satisfy all the prospective partners. The Christian Democrats, who have agreed to give up the position of prime minister after their poor election showing, say they are determined to hold on to major cabinet posts, notably the Treasury and the Internal and Foreign Affairs ministries.

For the Record

LONDON (Reuters) — Stuart Young, 49, an accountant, succeeded George Howard, 63, Monday as head of the British Broadcasting Corp.

TELEVISION (AP) — An opinion poll of the PORT Institute, published Monday in the daily Ha'aretz, put the Labor Party ahead of Prime Minister Menachem Begin's Likud bloc by 1.9 percentage points, a narrowing of the Labor lead of 4 percentage points in a similar poll in April.

CAIRO (AP) — The Supreme Court of Ethics ordered the release from prison Monday of Esmat Sadat, brother of the late President Anwar Sadat, and Esmat Sadat's three sons, who were sentenced in February to a year in jail on corruption charges.

MOSCOW (AP) — Yevgeny Klov, a physicist and engineer, has been named head of a newly established committee to oversee job safety in the Soviet Union's nuclear power industry, it was announced Monday.

Somalia Asks Ethiopia To Give Up Ogaden

MOGADISHU, Somalia — President Mohammed Siad Barre has called on Ethiopia to grant independence to the ethnic Somali population of Ethiopia's Ogaden Desert, where the two countries have been at war since the 1970s.

Speaking to the Peoples Assembly on Saturday, he also demanded the withdrawal of Soviet and Cuban troops that helped Ethiopia defeat Somalia in the 1978-79 Ogaden war. Somalia estimates there are about 17,000 Cuban combat troops in Ethiopia as well as 5,000 Soviet support personnel and an unspecified number of East German military advisers.

Excessive Force Is Laid To New Zealand Police

WELLINGTON, New Zealand — Police used excessive force in some cases against demonstrators during the 1981 South African Rugby Union tour of New Zealand, George Laking, the chief ombudsman, said in a report Monday.

The report followed his investigation of 173 complaints made by 74 persons about police behavior during the 56-day tour. Mr. Laking, who sustained 75 complaints, said the police had been stretched to the limit during the frequent confrontations with demonstrators. He said that a few unidentified policemen had used excessive force in some specific instances but that the police as a group did not.

Crackdown on Leftists Continues in Sri Lanka

(Dispatches used in compiling this report were subject to government censorship in Sri Lanka.)

COLOMBO, Sri Lanka — The government of Sri Lanka has begun arresting members of three banned leftist parties and Monday broadened press censorship and restrictions on the movement of journalists.

"A number of people have already been brought in and some are yet to be arrested in connection with the proscription of the three parties," said Douglas Liyanage, secretary at the Ministry of State. He declined to say whether they were leaders or merely members of the parties, but he said the names would be announced, possibly Tuesday, after the arrests were completed.

Civil unrest between the Buddhist majority, the Sinhalese, and the Hindu minority Tamil factions started after the July 23 killings of 13 soldiers. The government says now that more than 200 people have been killed.

Government sources also said Sri Lanka has appealed for pledges of military assistance in case of foreign attack, apparently meaning

by India, according to United Press International.

Food became the main order of the day Monday in this city of 1 million. Rice that normally sells for 8.5 rupees a kilogram (about 16 cents a pound) was selling for 12 rupees Monday. A coconut, which normally brings one to two rupees, was selling for six, and tuna was selling for the equivalent of \$7.72 a pound.

On Saturday, the government banned the Communist Party of Sri Lanka, the Janatha Vimukthi Peramuna and the Nova Sama Samaj.

Mr. Liyanage alleged that the three parties tried to use the unrest to wreck the country's economy and topple President Junius R. Jayawardene.

Government sources told UPI that fears of foreign intervention after the ethnic violence prompted a government request for pledges of military assistance from Pakistan, Bangladesh, Britain and the United States. They said Pakistan and Bangladesh responded positively.

The Sri Lankan newspaper Monday published a report that Mr. Jayawardene warned his cabinet last week that India might invade Sri Lanka.



WARSAW INSURRECTION — An old man lit a candle Monday at the grave of an insurrection fighter at Warsaw's Powazki cemetery. It was the 39th anniversary of the unsuccessful attempt by patriotic forces to seize control of the city from the German Army before it was occupied by the Soviet Army.

Foreign Correspondents Limited by Zimbabwe

(Continued from Page 1)

view and misrepresentation of our region and tends to give credence and credibility to Pretoria's biased view," they said.

Black African governments frequently accuse Pretoria of seeking to destabilize them through military and economic action, a charge that South Africa routinely denies.

The ministers appealed to the international media to establish regional bureaus in the black-ruled countries.

"A correspondent based in one front-line state is deemed in one of our front-line states," they said. Mr. Nyoka explained that the team "in principle" was inserted to allow the countries to invite correspondents in South Africa "favorable to us."

The Foreign Correspondents' Association of South Africa is planning to send a delegation to Harare on Tuesday to protest the ban, but there is little likelihood that the decision will be softened.

Speaking Monday to the Britain-Zimbabwe Society, he said, "We are suffering at this point of our history from undesired severe attacks and distortions in the British and other European media."

The joint policy statement of the front-line nations was agreed upon at a weekend conference of information ministers at Kadoma, about 100 miles (160 kilometers) west of Harare.

Noting that South Africa is the base for most correspondents, the ministers said Pretoria had launched a "carefully orchestrated propaganda aggression" against its black neighbors.

"This has resulted in a distorted

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Hare Krishna Sect Alarms Authorities in Soviet Union

(Continued from Page 1)

photograph of Krishna members in full regalia on a Western street, with a caption terming them "mindless."

The Krishna sect was founded in the United States in 1966 by an Indian ascetic, A.C. Bhaktivedanta Swami Prabhupada, and calls on adherents to turn all their worldly possessions over to the organization and accept whatever duties are assigned by their guru.

The chanting, shaven-headed youths in flowing robes have become a familiar sight on streets in Western cities.

"Now there ought to be a plenary meeting between the leaders of the Revolutionary Democratic Front and the Farabundo Marti National Liberation Front with the representatives of the United States government," Mr. Zamora said in an interview at the Bogota airport.

He praised the diplomatic work of Mr. Betancur in setting up the meeting with Mr. Stone.

"After the introductions, we remained alone, I, Mr. Stone and two of his aides," Mr. Zamora said. Mr. Zamora refused to say what was discussed. "We agreed to make no comments," he said.

Mr. Zamora said the two guerrilla groups he mentioned considered the United States "a direct part of the internal problem because it sustains the government of Alvaro Magaña."

"We know that Mr. Stone considers his government's role in a different way," he said. "But we don't accept his role as mediator. This is one of our points of disagreement."

Mr. Zamora said the Salvadoran guerrillas wanted the Contadora group to mediate in the Central American crisis.

If the group's attempts to bring peace to Central America fail, he said, "we will find ourselves a step away from direct military intervention by the United States in Central America, and that is a possibility that all Latin Americans ought to avoid at all costs."

He also denied that the Salvadoran guerrillas were getting their weapons from Cuba or the Soviet Union.

Excessive Force Is Laid To New Zealand Police

WELLINGTON, New Zealand — Police used excessive force in some cases against demonstrators during the 1981 South African Rugby Union tour of New Zealand, George Laking, the chief ombudsman, said in a report Monday.

The report followed his investigation of 173 complaints made by 74 persons about police behavior during the 56-day tour. Mr. Laking, who sustained 75 complaints, said the police had been stretched to the limit during the frequent confrontations with demonstrators. He said that a few unidentified policemen had used excessive force in some specific instances but that the police as a group did not.

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BURNING HILLS — A brushfire out of control formed a circle in hills east of Reno, Nevada. The blaze had scorched 4,000 acres by Sunday.

Reagan Defends Civil Rights Record In an Address Before U.S. Lawyers

ATLANTA — President Ronald Reagan, speaking Monday before the American Bar Association, defended his approach to civil rights and said his unshakable commitment was to establish "an agenda for opportunity" for all.

Mr. Reagan used the speech to define his administration's legal and moral approach to equal rights, which has become the subject of political debate.

"I reaffirm today our unshakable

commitment to eliminate discrimination against blacks, women, the handicapped and other minorities," Mr. Reagan said in remarks prepared for delivery to the 105th annual meeting of U.S. lawyers. "This is not just our legal commitment, it is also our moral commitment."

The speech, revised several times in the last two weeks, was aimed at a problem that has dogged the president since January 1981 — a wide spread perception he is insensitive

to the quest for equality by women and minorities. "We are determined to build an agenda for opportunity on three pillars: excellence, equality and economic growth," Mr. Reagan said. "This must be an agenda that opens the gates of freedom so all people can go as far as their God-given talents will take them."

The centerpiece of this effort, Mr. Reagan said, is economic recovery that offers "the best hope for all who strive to pull themselves

College Students in U.S. Face a 10% Rise in Fees

LOS ANGELES — The cost of college education in the United States will rise an average of 10 percent this fall, nearly three times the rate of inflation, and the Massachusetts Institute of Technology will be the most expensive college, with annual fees of more than \$15,000, according to a survey by the College Board.

Students attending public colleges or universities will pay an average of 7 percent more than they did in the 1982-83 school year, or \$4,721, the survey said. Students enrolled in private colleges can expect to pay an average of 11 percent more, or \$8,460. MIT will cost \$15,130, up from \$13,500 last year. The other schools among the 10 most expensive are Bennington College, \$14,910; Harvard-Radcliffe, \$14,700; Yale, \$14,500; Princeton, \$14,445; Brown, \$14,145; Sarah Lawrence, \$14,105; Dartmouth, \$14,093; Stanford, \$14,039; and Columbia, \$13,820.

Students attending two-year public colleges will pay an estimated 8 percent more this September, or an average of \$3,400. The costs, calculated in the annual College Board survey, include tuition and fees, room and board, books and supplies, transportation and personal expenses.

U.S. Continues Cutbacks At Education Agency

By Robert Pear

New York Times Service

WASHINGTON — The Reagan administration has sharply reduced the size of the Department of Education in the past two years and is now planning to cut back government programs that promote school desegregation and educational opportunities for women, according to department officials and agency documents.

The personnel reductions are being planned as President Ronald Reagan emphasizes his commitment to education and civil rights and his support for policies helping women.

Administration officials said the strength of their commitment to high-quality education should not be measured by the size of the department or its budget, however.

In recent months, as education emerged as a campaign issue, Mr. Reagan has backed away from his pledge to abolish the Education Department, which was created in 1979 by the support of President Jimmy Carter. Since Mr. Reagan took office, however, the department has experienced a net loss of 1,500 employees, or 25 percent of its staff, mainly as a result of attrition and a hiring freeze.

In addition, department officials intend to reduce the agency's current staff to 5,259 from 5,540 in order to meet personnel ceilings set by the Office of Management and Budget.

Charles L. Heatherly, deputy undersecretary for management, in a memorandum to Secretary of Education Terrel H. Bell, concluded that even the present size of the department's staff was not justified by its workload.

Dr. Lawrence F. Davenport, assistant secretary for elementary

and secondary education, said that under the reorganization plan, 84 of the 354 positions in the Office of Elementary and Secondary Education would be abolished. He said the changes would make the programs more efficient.

However, Dr. Leslie R. Wolfe, director of the Women's Educational Equity Act program in the department, said the cutbacks would leave her with "such a skeleton crew that we really could not perform our duties."

Her office helps schools develop curriculum materials to counteract bias against women, encourages young women to enter fields dominated by men and helps older women re-enter the labor force.

The cutbacks and reorganization will also affect the offices that supervise migrant education programs, Indian education, vocational and adult education, and civil rights training programs.

Under the 1964 Civil Rights Act, the department provides money and technical assistance to state education agencies to help them desegregate public schools.

In addition, Mr. Heatherly said that employees who work on the collection of student loans would have their full-time jobs converted to half-time.

The cutback will affect 382 employees, who will work half-weeks for half-pay while the department increases its use of private contractors to collect debts.

Representatives Theodore S. Weiss of New York and George Miller of California and Senator Christopher J. Dodd of Connecticut, all Democrats, criticized the cutbacks. Mr. Miller and Mr. Dodd said that by reorganizing the department, Mr. Reagan was trying to achieve administratively what he could not achieve through legislation.

Mississippi Voters Look At a Woman Candidate Running for Governor, 'Miss Evelyn' Seeks to Reverse Southern Tradition

By Art Harris

Washington Post Service

COLUMBUS, Mississippi — As

about 400 men swapped jokes over

whiskey and beer at the catfish

supper, a tall woman in a rainbow

shirt wandered between pickup

trucks parked by a lake, plumping

caloused hands in the sun set,

dealing out political postcards and

daring history and tradition once

again.

Evelyn Gandy, 62, front-runner

in a field of five in the Democratic

gubernatorial primary Tuesday, is

running to become the first woman

to be elected governor in the Deep

South not preceded by her hus-

band. She grabbed Foots Pearson's

hand and shook it hard.

"Like she meant business," re-

flected Mr. Pearson, 66, a gray-

haired service station owner and

county Democratic committeeman

who says he plans to vote for Miss

Gandy, the first time he has ever

voted for a woman.

"That was the first thing I no-

ticed," he said. "She had a grip like

a man. It wasn't no disrag. She

seemed more sure of herself. She's

tough. Up until now, I didn't think

a woman was tough enough to put

it over."

No woman has ever put it over in

Mississippi, but now the South has

a chance to bury its longstanding

tradition of male dominance in the

statehouse and elect women govern-

ors here and in Kentucky. Lieu-

tenant Governor Martha Layne

Collins, a former Kentucky Derby

beauty queen, won the Democratic

nomination in Kentucky. She faces

Jim Bunning, a former major

league pitching star, in the general

election.

Miss Gandy, a former lieutenant

governor, lives with her mother and

sister in a small frame house in

Jackson. "Miss Evelyn," as she is

fondly known by devotees who al-

ways deliver at least 200,000 votes

in any statewide race she enters,

could make history in Mississippi

if the opinion polls are right about

the primary and the runoff, which

will be three weeks later if no one

wins a majority.

Mississippi was not ready for a

woman governor four years ago

when William F. Winter beat Miss

Gandy badly in the runoff after she

led in the primary.

His macho TV advertisements,

engineered by a Washington media

consultant, Bob Squier, featured

Mr. Winter with state National

Guard tanks in the background.

Miss Gandy's spots, written by her

sister, put her in a field of daisies

with children.

Political consultants from Wash-

ington are running Miss Gandy's

first high-tech campaign this year.

Raymond Strother, who also is

working for Miss Collins in Ken-

tucky, tackles the gender issue with

TV spots plugging her experience

as a political pioneer during almost

four decades in public life. Patrick

Caddell, who came to national

prominence as Jimmy Carter's

pollster, is doing her polls.

The powerful state teachers' lob-

by has endorsed her. Two rival

polls give Miss Gandy 35 to 40

percent of the vote, at least 10

points ahead of her nearest rivals,

Attorney General Bill Allain and

Mike Sturdivant, a wealthy Delta

planter, who has hired Mr. Squier.

They are in a bitter fight for a

runoff spot.

Mr. Allain has just won \$74 mil-

lion in refund checks for consumers

from a utility company. But he was

stung by Sturdivant ads focusing

on private legal fees he accepted for

outside work while assistant attor-

ney general.

The polls still show Mr. Sturdi-

vant trailing, however, despite an

ad campaign funded by his \$1.7

million annual income from farm-

ing, hotels and oil and gas wells. TV

spots picture him as a savvy tycoon

who can transform the poorest

state in the nation into the prom-

ised land.

Whoever wins will face a power-

ful Republican challenge by Leon

Bramlett, a businessman and for-

mer All-America football player at

the U.S. Naval Academy. Mr.

Bramlett expects heavy support

from the Republican National

Committee.

Republican strategists relish the

prospect of facing Miss Gandy.

"We're covered up with people

who won't vote for a woman," said

Henry Weiss, a scrap metal dealer

and Republican. "I just don't be-

lieve a woman can handle the job.

We're so far behind in education

and economic development and ev-

erything else, I just feel we like

need strong male leadership to pull

us out."

Miss Gandy last week de-

monstrated a TV spot of a woman

saying, "It would be fun to vote for



Evelyn Gandy

a woman, but I'm voting for Sturdi-

vant."

Miss Gandy said the commercial

was "insulting to women and the

voters of Mississippi." After pro-

tests by women's groups, it was

taken off the air.

Miss Gandy was elected to the

legislature while a young lawyer in

welfare commissioner, building a

base among the poor for consti-

tutional services.

She became the first woman

elected statewide to a number of

constitutional offices: state treas-

urer, insurance commissioner,

lieutenant governor. She served

as 1947 after serving as an aide to

the late Senator Theodore G. Bilbo,

a symbol of segregation. It is an

intruder her resumé no longer men-

tions, overshadowed for many

blacks by her achievement against

great odds.

Bush and Governors Clash Over Economy

By David S. Broder

Washington Post Service

PORTLAND, Maine — A par-

isan debate erupted at the open-

ing of the National Governors As-

sociation meeting, with Vice Pres-

ident George Bush claiming that

the "surging economic recovery" has

vindicated the administration's

economic policies, and Democratic

governors saying they do not be-

lieve that is so.

While Mr. Bush, the keynote

speaker Sunday at the opening ses-

sion of the 75th annual meeting,

had an upbeat description of the

economic scene, Governor Scott

M. Matheson of Utah, a Democrat

and the association's chairman,

warned that the recovery could be

just "a blip on the horizon."

Mr. Matheson said that unless

President Ronald Reagan relented

on his opposition to any kind of tax

increase in the next two years and

Congress moved to close the large

budget deficits, the recovery would

stop short.

Mr. Bush sounded a strongly

parisan note in his speech to the

governors, two-thirds of whom are

Democrats. He claimed credit for

the administration in trimming

inflation and interest rates, cutting

taxes and slowing the growth of

federal spending. Mr. Bush said no

one would want to go back to the

conditions of the final two years of

the Carter administration, when, he

said, families on fixed incomes lost

20 percent of their real income to

inflation.

"The charge is leveled against us

of being unfair," Mr. Bush said,

"but that was surely unfair to fam-

ilies trying to make ends meet."

The Bush-Matheson battle was a

replay of the fight that broke out

last winter, when the governors' as-

sociation, plunging into the budget

debate for the first time, passed a

resolution calling for cutbacks in

military and domestic spending

and consideration of tax increases

in order to reduce federal deficits.

Mr. Reagan strongly rejected the

tax and military portions of the

governors' program. But Mr.

Matheson claimed Sunday that the

budget resolution adopted by Con-

gress "bears the unmistakable

print" of the governors' recommen-

dation. He said his only concern

French Intellectuals and the Left: The Passion Cools

By Michael Dobbs

Washington Post Service

PARIS — It says a lot about France that the main topic of political conversation right now is what appears to be an ideological parting of the ways for the Socialist government and leftist intellectuals.

The past week has seen great chunks of newspaper devoted to such matters as the failure of any reputable writer to publish a book in support of President François Mitterrand's two-year-old Socialist government and the removal of street signs commemorating the leftist Chilean leader, Salvador Allende.

Writers, journalists, philosophers and presidential advisers have been pressed to give their opinion on what the presidential spokesman, Max Gallo, described

as "an ideological victory" of the right.

Thanks to France's literary and cultural traditions, intellectuals hold a special moral position. Because of their concentration in Paris, with its dominating hold on all aspects of French life, they have been a major influence on public opinion.

Until recently, it was assumed that the French intelligentsia was predominantly leftist in outlook. Its great causes have been leftist: the Dreyfus affair at the turn of the century, when a Jewish Army officer was unjustly convicted of treason, Leon Blum's Popular Front government of the late 1930s and the great intellectual ferment produced by the 1968 student uprising.

What is surprising now is that the apparent disaffection of the intellectuals should happen under a Socialist administration that has

gone to much greater lengths to pamper the intelligentsia than any of its rightist predecessors.

As a voracious reader and the author of several books, Mr. Mitterrand is himself a French intellectual of the old school. He is known to enjoy the company of writers and sociologists. But to judge by the latest debate, French writers and philosophers value the principle of intellectual independence above political commitment.

"It's obviously become a little less chic than before to be left-wing," said Régis Debray, the one-time revolutionary who fought alongside Che Guevara in Bolivia and now serves as an adviser to Mr. Mitterrand on international relations. Earlier this year, Mr. Debray angered fellow writers by accusing the host of the popular literary television show "Apostrophes," Bernard Pivot, of acting like a dictator.

Much of the debate over the place of intellectuals in French life has been conducted in the newspaper *Le Monde* in a series opened by Mr. Gallo, a novelist and one of the few intellectuals to pin his colors unequivocally to the Socialist mast.

Bemoaning the "crumbling" of the intellectual left and the importation of Reaganite ideas from across the Atlantic, he called on the occupants of literary salons on the Paris Left Bank to start churning out some vigorous leftist thought again.

At stake, Mr. Gallo wrote grandly, was not merely "the future success of the political left — but the very destiny of France."

Among the reasons Mr. Gallo suggested for the decline in leftist intellectual commitment was disillusionment with the Communist Party, which belongs to Mr. Mitterrand's Socialist-led coalition, the

economic recession and political apathy left over from the 1968 student revolution.

Many participants in the 1968 upheavals, he noted, decided to make their careers in journalism or business rather than politics.

One of the paradoxical effects of 1968 was the liberation of many leftist intellectuals from their ideological preconceptions. This trend was strengthened by growing public discussion of repression in the Soviet Union and an outcry over the Soviet intervention in Afghanistan and the imposition of martial law in Poland.

One of the so-called "new philosophers" who made a splash as anti-establishment intellectuals in the late 1970s, Bernard-Henri Lévy, told *Le Monde* that the "history of a certain type of commitment, a history that began with the Dreyfus affair," had ended.

A writer, Alain Finkielkraut, recalled being embarrassed by the "collective hysteria" of the crowds in the Place de la Bastille when Mr. Mitterrand was elected president in May 1981. What upset him was the singing of the Communist "Internationale."

"Practically all intellectuals have become fence anti-communists," said a philosopher, François George. "As long as the government is prey to the Communist Party, its actions will remain misunderstood."

To this visceral anti-communism must be added a disappointment with the performance of the Socialist government during its two years in office. Many potential supporters among the intellectuals have been frightened away by the successive policy turns.

The program was upset by the ill-fated experiment in economic expansion at the beginning of Mr. Mitterrand's presidency, while the doctrine of the leftists find the conventional economic austerity measures hard to swallow.

Several leftist intellectuals, including the writer, Simone de Beauvoir, and philosopher, Michel Foucault, refused to respond to *Le Monde's* questions at all. Mr. Foucault is said to have refused repeat offers to become cultural counselor at the French Embassy in Washington.

Russians Say Fans Vandalize Trains

MOSCOW — Soviet soccer fans are as destructive as their capitalist counterparts, causing extensive damage to trains in and around Moscow, the official young Communist newspaper said Sunday. Repair crews are kept busy removing soccer club names painted inside rail cars and replacing broken windows, *Kommunisticheskaya Pravda* said. Loudspeakers are ripped out of cars, most often by radio enthusiasts who cannot find them for sale in shops.

Passengers who wrote to complain had only themselves to blame for allowing the vandalism to continue, the paper said. An alarm button to alert a police guard on trains was almost never used.

Japanese Battle for a Patch of Sun

New Rules Allow Developers More Leeway to Block Rays

By Clyde Haberman

New York Times Service

TOKYO — In the Land of the Rising Sun, sunshine has taken a bit of a beating in recent days. It has more to do with government policies than with the rainy season, however.

Japanese cities during the last decade have passed all sorts of ordinances seeking to guarantee residents a minimum amount of sunshine each day in their houses and apartments. With tall buildings jabbing through the once-flat urban landscape, feelings run high that light and heat are a city dweller's right and not a privilege that can be swept away by a developer.

Anyone in Tokyo who puts up a building that suddenly casts his neighbors into shadow can expect to pay them for their troubles. The going rate for the one-time settlements is anywhere from \$430 to \$1,260 for each hour in the day of lost sunlight, but the price can go a lot higher in special cases and settlements of \$12,000 or more have been known.

Enter the government this summer.

The economy has been bumping along, and the construction industry was felt to be in need of a boost. National and local authorities have been working on a plan that would raise the height limit, now 33 feet (10 meters) on buildings in many Tokyo residential neighborhoods. Sunshine codes would also be relaxed in most of the city's 23 wards.

If the plan is carried out, buildings would get the lift they want, but some Tokyo people are already worrying that any boon for the industry will inevitably come at the expense of their own sunlight.

Along with that came a court ruling that further strengthened the developers' hand. Often, when contractors and local residents find themselves deadlocked over what would constitute fair compensation for lost sunshine, they turn to local government officials for mediation.

But a district court judge concluded that the Tokyo metropolitan government was taking too long to come to decisions, costing developers time and money. The judge ordered city hall to pay one construction company



High-rise buildings cast expensive shadows over Tokyo.

\$50,000 for allowing a sunshine case to drag on for months.

In the way of bureaucracies, officials are now skittish about getting involved in these matters, probably to the advantage of the real-estate people. One builder of apartment houses, which are known graciously, if inaccurately, as "mansions," said, "We are seeing surprisingly favorable opinions for us at the negotiation table with residents."

Kazuo Tanabe, who handles the issue for the Tokyo government, said, "Even scholars can't give us a clear answer as to why the Japanese value sunshine so much. But I think traditionally we have always found it especially important in winter. I don't think Westerners depend on sunshine as much as we do."

He is probably right. Even in glittering, neon-drenched Tokyo there are still thousands of one- and two-story houses made of wood, many of them inefficiently heated by portable kerosene or electric stoves. Since skies tend to be clear in winter, sunshine is critical for keeping the houses warm.

So the local government has complex codes that spell out in detail how much of a shadow a new building may project upon its neighbors.

Architects at times have been ordered to retrain their designs.

Parents have sued builders for putting their children's schoolyard in the shade. A few years ago the Japanese National Railways had to pay \$1.2 million to people in the town of Ichikawa, east of Tokyo, because an elevated line blocked the sun. Other people have collected because new buildings set winds to swirling or created radio interference.

It is too early to tell whether the proposed easing of government restrictions on the construction industry signals truly difficult days for Tokyo's sunshine advocates. Rarely is anything done here that alters the balance of forces precipitously.

"This will require new measures to insure the quality of life," said Mr. Tanabe, indicating that there would be further dispute on the issue as summer stretches into fall.

Howard Dietz, 86, American Writer Of Lyrics for Popular Songs, Dies

New York Times Service

NEW YORK — Howard Dietz, 86, who put words to more than 500 songs, including such popular classics as "Dancing in the Dark," "That's Entertainment," and "You and the Night and the Music," died here Saturday of Parkinson's disease.

Mr. Dietz became a regular supplier of lyrics for revues and musicals from 1918 through the 1930s and in the postwar years.

He collaborated with such composers as Jerome Kern, George Gershwin and Vernon Duke. But after 1929, he wrote most of his songs with Arthur Schwartz. They

collaborated on "If There Is Someone Lovelier Than You," "Makin' Love," "Something to Remember You By" and many other standards.

In March, Mr. Dietz was honored as the first recipient of an annual Richard Rodgers award from the American Society of Composers, Authors and Publishers.

Amerigo Petrucci

The Associated Press
ANZIO, Italy — Amerigo Petrucci, 60, a former mayor of Rome and longtime Christian Democrat member of Parliament, died Sunday of a heart attack.

Mr. Petrucci was mayor of Rome from 1964 to 1968 and was elected to the Chamber of Deputies in 1972. He was re-elected to the lower house of Parliament for the fourth time in June.

Other deaths
Bernard J. Riddler, 70, publisher of the Pasadena (California) *Star-News* and a board member of Knight-Ridder Newspapers, Friday in Pasadena.

Alfred Dodd Starbuck, 71, a retired U.S. Army lieutenant general who was in charge of nuclear weapons for the Atomic Energy Commission for five years in the 1950s, Thursday in Washington.

Prince Georg-Wilhelm of Schaumburg-Lippe, 27, in a motorcycle accident Sunday near Bielefeld, West Germany.

Matty Peters, 63, who with her two sisters sang in Harlem's famed Cotton Club in the 1940s, in Copenhagen.

U.S. Official Says Lawyers Seek to Skirt Regulation

New York Times Service

ATLANTA — The chairman of the Federal Trade Commission, speaking at the American Bar Association convention, has denounced what he called an effort to give lawyers privileged status.

James C. Miller 3d, the commission chairman, sought to head off endorsement by the association of proposed federal legislation to exempt the legal profession from antitrust and consumer-protection regulation by the commission.

"I find it curious and disturbing that of all people a group of lawyers would seek special privilege above the laws that apply to everyone else," Mr. Miller said at a news conference Sunday.

But Blake Tart, president of the Texas State Bar, which proposed the endorsement, said in an interview Sunday that the legal profession was already well regulated in most states by state bar associations acting under the authority of state courts.

"Great harm would come to the public, the consumers of legal services," Mr. Tart said, if the commission were allowed to intervene.

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Persons holding the following securities must surrender them to the Exchange Agent, First Pennsylvania Bank N.A., c/o Fund/Plan Services, Inc., not later than October 24, 1983. Securities received by the Exchange Agent after October 24, 1983, will not be exchangeable and no distribution will be made to any person whose securities are received after that date. Securities may be delivered to the Exchange Agent either at the 2nd Floor, 30 S. 30th Street, Philadelphia, PA, or c/o Manufacturers Hanover Trust Company, 130 John Street, Street Level, New York, NY. Securities may be mailed to First Pennsylvania Bank N.A., c/o Fund/Plan Services, Inc., P.O. Box 8717, Philadelphia, PA 19101. Whether securities are delivered or mailed to the Exchange Agent, the Exchange Agent must receive the securities no later than October 24, 1983.

BONDS

Battle Creek & Sturgis Ry. Co. 1st Mortgage 3% Bonds due 1989
Boston & Albany RR Co. 4 1/4% Improvement Mortgage Bonds due 1978
Carthage & Adirondack Ry. Co. 4% First Mortgage Bonds due 1981
Cleveland, Cincinnati, Chicago & St. Louis Ry. Co. 4% Series A and 5% Series B General Mortgage Bonds due 1993
Cleveland, Cincinnati, Chicago & St. Louis Ry. Co. 4 1/4% Series E Refunding and Improvement Mortgage Bonds due 1977
Cleveland, Cincinnati, Chicago & St. Louis Ry. Co. 4% St. Louis Division First Collateral Trust Bonds due 1990
Cleveland, Cincinnati, Chicago & St. Louis Ry. Co. 4% Cincinnati, Washab & Michigan Division Mortgage Bonds due 1991
Connecting Ry. Co. 3 1/4% Series A First Mortgage Bonds due 1976
Elmira & Williamsport RR Co. 5% Income Bonds due 2862
Kanawha & Michigan Ry. Co. 4% First Mortgage Bonds due 1990
Lake Shore and Michigan Southern Ry. Co. 3 1/4% Gold Mortgage Bonds due 1997
Michigan Central RR Co. 4 1/4% Series C Refunding and Improvement Mortgage Bonds due 1979
Mohawk & Malone Ry. Co. 3 1/4% Consolidated Mortgage Bonds due 2002
Mohawk & Malone Ry. Co. First Mortgage 4% Bonds due 1991
New Jersey Junction RR Co. 4% First Mortgage Bonds due 1986
New York & Putnam RR Co. 4% First Mortgage Bonds due 1993
New York Central & Hudson River RR Co. 3 1/4% Gold Mortgage Bonds due 1997
New York Central & Hudson River RR Co. (NYC RR Co.) Ref. & Impr. Mortgage 4 1/4% Series A and 5% Series C Bonds due 2013
New York Central & Hudson River RR Consolidation Mortgage 4% Series A Bonds due 1998
New York Central & Hudson River RR Lake Shore Collateral 3 1/4% Bonds due 1998
New York Central & Hudson River RR Michigan Central Collateral 3 1/4% Bonds due 1998
New York Central RR Co. 5 1/4% Collateral Trust Bonds due 1980
New York Central RR Co. 5 1/4% Collateral Trust Bonds due 1980
New York Central RR Co. 6% Collateral Trust Bonds due 1980
New York Central RR Co. 6% Collateral Trust Bonds due 1990
New York, New Haven & Hartford RR Co. 4 1/4% Harlem River Division First Mortgage Bonds due 1973
Northern Central Ry. Co. 4 1/4% and 5% Series A General and Refunding Mortgage Bonds due 1974
Penn Central Co. 6 1/4% Collateral Trust Bonds due 1993
Pennsylvania RR Co. 4 1/4% Series D General Mortgage Bonds due 1981
Pennsylvania RR Co. 4 1/4% Series E General Mortgage Bonds due 1984
Pennsylvania RR Co. 3 1/4% Series F General Mortgage Bonds due 1985
Philadelphia, Baltimore & Washington RR Co. 5% Series B General Mortgage Bonds due 1974
Philadelphia, Baltimore & Washington RR Co. 4 1/4% Series C General Mortgage Bonds due 1977
Pittsburgh, Cincinnati, Chicago & St. Louis RR Co. 5% Series A General Mortgage Bonds due 1970
Pittsburgh, Cincinnati, Chicago & St. Louis RR Co. 5% Series B General Mortgage Bonds due 1975
Pittsburgh, Cincinnati, Chicago & St. Louis RR Co. 3 1/4% Series E General Mortgage Bonds due 1975
West Shore RR Co. 4% First Mortgage Bonds due 2361

STOCK CERTIFICATES

Beech Creek RR Co. common capital
Cleveland, Cincinnati, Chicago & St. Louis Ry Co common and preferred
Cleveland & Pittsburgh RR Co. guaranteed 7% and special guaranteed betterment 4%
Delaware RR Co. capital
Erie & Pittsburgh RR Co. capital
Ft. Wayne & Jackson RR Co. common and preferred
Kalamazoo, Allegan & Grand Rapids RR Co. capital
Little Miami RR Co. capital and special gtd. betterment
Mahoning Coal RR Co. common and preferred
Michigan Central RR Co. capital
Northern Central Ry. Co. capital
Peoria and Eastern Ry. Co. capital
Philadelphia & Trenton RR Co. capital
Pittsburgh, Fort Wayne & Chicago Ry. Co. common, preferred, original guaranteed 7% and guaranteed special 7%
Pittsburgh, Youngstown & Ashtabula Ry. Co. preferred
United New Jersey RR & Canal Co. capital

NOTICE TO CLAIMANTS OTHER THAN THOSE HOLDING BONDS OR STOCK CERTIFICATES OF THE ABOVE CORPORATIONS

Claimants holding claims in Class E (taxes) and Class I (taxes) who were entitled on or before October 24, 1982 to receive a distribution from one or more of the foregoing Debtors and have not received a distribution in satisfaction of their claims should obtain a form of release from, and execute and deliver it, not later than October 24, 1983, to: Manager-Taxes, The Penn Central Corporation, 29th Floor, 1700 Market Street, Philadelphia, PA 19103.

Claimants holding claims in Class H (unsecured claims entitled to priority), Class M (general unsecured prebankruptcy claims) and Class N (general unsecured prebankruptcy claims liquidated at \$1,000 or less) who were entitled on or before October 24, 1982 to receive a distribution from one or more of the foregoing Debtors and have not received a distribution in satisfaction of their claims should obtain a form of release from, and execute and deliver it, not later than October 24, 1983, to: Proofs of Claim Office, The Penn Central Corporation, Suite 3100, 1700 Market Street, Philadelphia, PA 19103.

EXCEPT AS STATED BELOW, NO DISTRIBUTION WILL BE MADE AFTER OCTOBER 24, 1983 TO CLAIMANTS ENTITLED ON OR BEFORE OCTOBER 24, 1982 TO RECEIVE DISTRIBUTIONS AND WHO HAVE FAILED TO SURRENDER THEIR SECURITIES TO THE EXCHANGE AGENT ON OR BEFORE OCTOBER 24, 1983, OR TO DELIVER THEIR EXECUTED RELEASES TO THE PROOFS OF CLAIM OFFICE ON OR BEFORE OCTOBER 24, 1983. NO DISTRIBUTION WILL BE MADE TO ANY PERSON WHOSE SECURITIES OR RELEASE ARE RECEIVED AFTER OCTOBER 24, 1983.

The foregoing deadline of October 24, 1983 is not applicable to Claimants with claims which were not approved, acknowledged or allowed until after October 24, 1982. Such Claimants have only one year, and no longer, after the date of approval, acknowledgment or allowance of their claims to obtain, complete and deliver their executed release forms to the appropriate office stated above. Failure to observe this deadline will result in the loss of your right to receive a distribution.

ADDITIONAL INFORMATION

If you are uncertain as to the status of your claim or your rights as a Claimant, it is suggested that you write to the Proofs of Claim Office at the above address.

THE PENN CENTRAL CORPORATION

By: Robert J. Fahey
Secretary

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Some Like Their Avocations Dangerous

was killed when she did not put pin the ribbon on her parachute in time.

Some of his talkers said they had been drawn to their vocations because of the novelty involved. Susan Tripp, 35, a Manhattan lawyer who has been sky-diving since 1979, said part of the appeal for her was that it was "something that many people don't do."

That is also one of the main reasons John Wolcott, 49, a printer from New York City, likes his sky-diving. He has a \$10,000 red and blue balloon with yellow lightning bolts on the sides. "Let's face it, it makes me a hero. At a cocktail party, if I can switch the conversation around to ballooning, I can be the center of attention for at least an hour."



Fugard came to Thailand from the United States, where "Master Harold" has been on tour. He said he

Of greater implicit appeal to the international visitor is a Ravel program that fuses a complete, slick and gimmicky "Daphnis and Chloe," choreographed by Ferenc Barbay; a pale imitation of Balanchine's "La Valse"; a dutiful "Alborada" by Ray Barra; and a gutsy piece of resistance, Maurice Béjart's "Bolero."

The image shows a black and white photograph of an open newspaper, likely from the mid-20th century. The newspaper is laid flat, showing two pages. The left page is from the 'Herald Tribune' and features a large, dark, grainy photograph of a ship, possibly a destroyer, with the headline '34 Reported Killed in Attack on 2 British Ships'. The right page is from the 'Herald Tribune' and features a large, dark, grainy photograph of a ship, possibly a destroyer, with the headline 'Fresh British Units Reported Landing As Push Continues'. The newspaper is laid flat, showing the gutter in the center.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

A New Soviet Cycle

The history of economic management in the Soviet Union is a history of alternating cycles of centralization and decentralization. One era brings decision-making to the top to provide Purpose, Planning and Priorities, until the troops are confused, careless and contrary. The next cycle encourages independence and initiative, until these produce unbearable dislocation, distortion and dissension.

It is the lot of Yuri Andropov, the new Soviet leader, to have to throw the Moscow planning machine into reverse. Its poor performance and the bleak outlook for his economy have forced him to decree looser controls over some industries, more discretion for managers, more bonuses for good performance and new forms of "profit" for successful enterprises.

These adjustments are especially difficult in the Soviet Union, where the political system is itself a theoretical contradiction called "democratic centralism." Power is concentrated at the top, but supposedly informed by and responsive to the field.

Since economic power, as Marx taught, lies at the root of most political power, it is virtually impossible to distribute economic choices without also yielding political power. And that no one has dared to try since Nikita Khrushchev was dismissed for his heresy in 1964.

Capitalist tongues are quick to chuck that the "free market" system, though it looks confused, saves their societies from such turmoil and inefficiency. But that overlooks the constraints — regulations, tariffs, safety nets — that democratic politics regularly imposes on Western markets.

It also ignores the similarity of communist and capitalist bureaucratic urges. The planners at the Pentagon, operating so many state monopolies, are just as error-prone as Soviet apparatchiks. And the auto moguls of Detroit are as likely to misjudge public tastes and affordable labor costs as the comrades at Gosplan.

Fortunately, democratic economies differ from even the most agile communist ones in one crucial way: The political power of their economic actors and the economic power of their politicians are normally pursued on different tracks. That practically guarantees that different bureaucracies of power — corporations, unions, political parties — are centralizing and decentralizing, congealing and disintegrating, on different cycles. Even at its best, the Soviet circus has but one ring. Even at its worst, the American is a feast of choice.

—THE NEW YORK TIMES

Forward in Lebanon

An odd misnomer was completed during the visit to Washington of Israel's foreign and defense ministers. The Israelis had made plain an intent to redeploy in Lebanon in order to reduce casualties and make the occupation more palatable at home, in the absence of a full withdrawal by Syria. This aroused the Americans to ensure that such a partial withdrawal would be seen merely as the first stage in the removal of all Israeli troops. So the Israelis had to disavow an intent — to redeploy and stay on permanently — that they insisted they never harbored. The Americans had to dispel the suspicion that they preferred Israel to stay in place rather than start withdrawing.

Otherwise, things are in Lebanon. The Lebanese, seeing the outside momentum toward a Lebanon solution, seem to be turning to each other with guns in hand. The effort to dislodge the Syrians, to the extent that it is not simply drifting into a flight from responsibility, is bogged down in argument over what, if anything, might lead President Hafez al-Assad to change his mind and make good on his promise to go home. The PLO power struggle continues, making it impractical and impossible for others to take an active interest in the Palestinian question; the Israelis

are using the interval to colonize further the West Bank. U.S. diplomacy has been reduced to a series of comings and goings meant to show that the United States still cares about the restoration of Lebanon's sovereignty.

In the circumstances, Israel's redeployment is the best thing going. Whether it will quiet the Israeli debate about the invasion and occupation of Lebanon is far from assured, since a certain level of casualties is to be expected in the south and Israel's troops will remain eye-to-eye with Syria's in the east. However, the redeployment will force upon Lebanon the cruel but necessary requirement to extend the area for which it takes direct responsibility. It appears there will be a need to expand the multinational force as Israeli troops leave the strife-ridden Chouf Mountains south of Beirut, but the Lebanese Army will have to take over the main task of preserving order there.

The difficulties are huge. The redeeming political purpose, however, lies here: A Lebanese government that demonstrated its will and capacity to push its zone of control out from Beirut into the Chouf would unquestionably be in a better position to reclaim the other now-occupied parts of the country.

—THE WASHINGTON POST

Toward Birth Control

True or false: In poor countries, more people means less food. Fewer infant deaths means bigger families. A Roman Catholic majority means no chance for birth control.

The answer in each case is false, or at least not necessarily true, as was once the case. India's food supply has outpaced a population increase of 2.2 percent a year. A dramatic improvement in infant health care in Sri Lanka has helped reduce population growth to 1.7 percent; family size diminished when the odds for survival shortened. And in predominantly Catholic Mexico, population growth has been reduced from 3 to 2.4 percent in a decade.

This encouraging news comes through the grey pages of a recent United Nations report. Although it does not justify complacency, progress in some places has been considerable. Since the late 1960s, population growth in the poorer countries has declined overall from 2.4 percent to an estimated 2 percent a year. The biggest news here is China's success in reducing its annual increase to 1.2 percent.

Even a 2-percent growth figure is very high. (The U.S. rate is well under 1 percent.) At that rate, the world's population of about 4.7 billion would double in only 35 years. But attitudes around fertility are rapidly being transformed around the world.

A decade ago, an American-inspired pro-

gram for population control was met at the United Nations with suspicion and skepticism. Catholics feared doctrinal disputes about birth control. Communists charged a capitalist plot to depopulate the Third World.

But the imperatives of urbanization and development proved to be greater, and more effective birth control techniques arrived just in time. Reducing family size is now the objective of more than 100 poor nations.

The UN Fund for Population Activities helps with methods it finds acceptable, but it blundered into unnecessary controversy by giving prizes to Prime Minister Indira Gandhi and to China's family planning chief. The fund does not condone infanticide in China or forced sterilization in India — practices that those countries now officially deplore.

Most hopeful — and uncontroversial — is the evidence that reducing infant mortality is essential for population control. That is because programs to increase the survival rate of children also provide family planning information and raise confidence that fewer children will die in the cradle.

Old myths die hard. It is simply not true that development and medical science must ignite a population explosion of the poor. The Third World is producing evidence of the contrary.

—THE NEW YORK TIMES

Other Opinion

Sri Lanka's Problems

Sri Lanka is now dangerously close to all-out racial warfare, and desperate times demand desperate remedies. But some of the desperate remedies embraced by President Junius R. Jayewardene can only make a tragic situation yet more appalling.

The president has decided that his immediate task is to placate the majority Sinhalese mobs, which are still rioting, burning, looting and murdering at the expense of the Tamil minority. To that end, he has effectively out-

lawed the only serious Tamil political party and has declared that all those supporting the dream of partition will lose their civil rights. Instead of throwing a protective Gandhian arm around the minority population, the president has thus, at a stroke, disenfranchised the great mass of them and turned them into a race of institutionalized second-class semi-citizens.

The danger is that the president's decisions may be seen — both by the Sinhalese mobs and the Tamil masses — as a virtual endorsement of the bloodbath he is trying to quell.

—The Guardian (London)

FROM OUR AUG. 2 PAGES, 75 AND 50 YEARS AGO

1908: Tobacco Smoke Poisoning
NEW YORK — It has been pointed out that tobacco smoke contains quite a large proportion of the poisonous gas carbon monoxide. It has also been shown that as the proportion of carbon monoxide is considerable, it is a question whether nicotine can be held to be responsible at all for the symptoms summed up in the words "tobacco smoke poisoning." It is obviously within bounds of probability that tobacco smoke can be very harmful on account merely of the gaseous carbon monoxide constituent. These facts call forth also an interesting reflection on the headache and drowsy and stupid feelings of the person who has been shut up in a "smoker" on the railway train.

1933: Recovery Efforts Advance
WASHINGTON — The Roosevelt administration's gigantic recovery program is driving ahead on three fronts. The NRA estimates that 200,000 employers have signed the blanket code; the public works administration has announced that allocations under the \$3-billion program to provide employment have reached \$1.05 billion, and the farm credit administration reveals that 114,000 farmers have applied for the financing of mortgages. Meanwhile, the constitutionality of the Recovery Act was challenged when the independent milk dealers in Illinois carried out their threat and sought an injunction restraining the government from enforcing the code.

Andropov as Leader: A Dissident's View

By Roy Medvedev

MOSCOW — Yuri V. Andropov has now been in power for slightly more than 250 days. He has effectively consolidated his rule and has shown himself to be a leader rather different in style and method from Leonid I. Brezhnev, his predecessor.

Still, little is known about him, his habits and his intentions. He is the subject of considerable speculation and rumor — in the East as well as the West. Just what kind of a leader is he?

From his first days in the Kremlin, Mr. Andropov has shown that he is a leader who likes working and knows how to work hard, who prefers to investigate important problems personally, rather than trust them to a large staff of assistants. His personal staff is small; only three of his assistants are known: Andrei Alekseyev, Viktor Shapovalov and Boris Vladimirov.

Mr. Brezhnev conducted himself differently. While he showed himself to be an experienced apparatchik, he never distinguished himself as a particularly industrious worker. His decisions were usually not a result of any hard thinking on his part; more often than not he decided as he was prompted, and not just in his last years when much was done not by Mr. Brezhnev himself, but "in his name."

It is said that Mr. Andropov gets to work earlier than Mr. Brezhnev did. Mr. Andropov treats his colleagues and other Central Committee workers far more strictly. He is a man of few words. He has already had to give many speeches, but his speeches and reports are shorter and richer in content than those of his predecessor.

The work of a Soviet leader and a Western leader are very different. A Soviet leader is not concerned with controversies with the opposition party or with approaching elections. On the other hand, a Western leader is not expected to give directives on questions of literature and painting; he is not concerned with the problems of Hollywood or university history programs.

A Soviet leader combines political, economic and ideological leadership. He has to speak out on practically all questions of state and social life. The Foreign Ministry, the Writers' Union, the KGB and the Academy of Arts all await his directives. He is not hurrying to speak out on all these problems.

Mr. Andropov refused to go see the leading director of the Taganka Theater, advising him to apply to other colleagues in the Central Committee. It is possible that the reason was, as rumor has it, that Mr. Andropov has special feelings for precisely this theater. However, he chatted for more than an hour in his office with the chairman of the Writers' Union, G.M. Markov, and on another occasion with the chief editor of Literaturnaya Gazeta, A. Chakovsky. But no

particularly original thoughts or indications were made clear at these meetings.

How does Mr. Andropov react to polemic and objections? We do not yet know. The publisher of the German magazine Der Spiegel, who has met Mr. Andropov, notes that he speaks freely, without notes, and that he allowed the whole conversation to be taped (though he asked that several of his replies not be published).

Demonstrating his respect for the Academy of Sciences, Mr. Andropov has several times telephoned the academy's president, Anatoli P. Aleksandrov, to hear his opinions. When Mr. Andropov needed to speak with Andrei Gromyko, the foreign minister, or officials at Gosplan, he went to the Foreign Ministry or to the Gosplan building, rather than summon those he wanted to see to the Kremlin.

If Mr. Brezhnev was going to the Kremlin, his car alone along the Kuznetskiy or Kaluzhskiy Prospekt at a speed of more than 100 mph, accompanied by a lengthy motorcade, other motorists were ordered to make way. Mr. Andropov is accompanied by one or two cars; his automobile travels in Moscow at a normal city traffic speed.

The new leader has clearly expressed his hostility toward the rituals that Mr. Brezhnev loved so much. Formal procedures have been cut short, and welcoming and farewell speeches have become fuller in content. We see Mr. Andropov more rarely on television or in the newspaper.

Under Mr. Andropov, the newspapers have begun publishing reports of Politburo meetings with information about the content of the meetings. Before, it was known that usually on Tuesdays the Central Committee's secretariat met, on Wednesdays it was the President of the Soviet of Ministers, and on Thursdays the Politburo. But no information on these meetings was published.

Now newspaper readers can learn something about the issues their leaders are dealing with, whether questions of foreign policy, economy or consumer problems. Of course, many of the problems discussed at the Politburo are not mentioned in the published accounts.

Mr. Andropov indicated soon after coming to power that he wanted to give his leadership not only a more businesslike character, but also qualities such as firmness and intellectual vigor. These two elements were lacking in Mr. Brezhnev's leadership. In the past months, there have been many examples of firmness: in the campaign to strengthen work discipline, in the treatment of dissidents, in the strictness shown to party workers and those in the economic apparatus, and in the tightening up of the struggle

against corruption. Examples of intellectual rigor or have so far been few.

Even before his accession, no one could reproach Mr. Andropov for using his power for personal gain. He will not accept expensive gifts from his subordinates, as Mr. Brezhnev often did. Visiting heads of state are not expected to offer him expensive limousines.

Mr. Andropov quickly consolidated his power, and there seem to be no signs of internal struggle in the Politburo. There are signs that all the important decisions in the Politburo are now taken unanimously. Most Politburo members are older than Mr. Andropov, who is 68. These people are not hurrying to retire, but they are also not striving for higher position.

Of course, Mr. Andropov, in spite of his great power, has to consider the opinion and influence of other Politburo members. He is clever, but he is not young, and he has health problems.

He has always been a professional politician, and he has a defined program of economic and political reforms. But he knows that he has less time than his predecessors to realize his plans.

The writer is a leading Soviet historian and a confirmed Marxist, but has been criticized by Soviet authorities because of his pointed advocacy of democracy and human rights. He contributed this comment to the Los Angeles Times.



In Managua, the 'Dictatorship' Seems Well-Disguised

By Tom Wicker

MANAGUA — The Reagan administration apparently is convinced that the Sandinista regime in Nicaragua has perverted the genuine democratic revolution of 1979 into a communist dictatorship — at least that the nine communists who run the state are moving inexorably in that direction.

Here among the pleasant Nicaraguan people, that conclusion is not so easy to draw. True, there is one-party rule, heavy-handed indoctrination, impervious bureaucracy, ousted military elites, and other signs of creeping fascism. But there is also a substantially mixed economy, legal, if not flourishing, political parties, a general absence of police terror and brutality, a deeply rooted Roman Catholicism, and a relaxed public atmosphere that seems to a visitor more nearly to signal hope than fear.

No one disputes that Nicaragua's was a popular revolution. When Sandinista insurgents staged their "final offensive" in June and July 1979, a mass uprising hastened the collapse of the repressive Somoza regime and its brutal National Guard. A visit to the Museum of the Revolution in Managua, with its rows upon rows of photographs of youthful comrades who died in the insurrection, leaves little doubt that it was genuine and indigenous.

So will a walk through the teeming streets of "heroic Managua," a barrio of Managua that was one of the centers of the uprising. Here and in other neighborhoods, front-yard monuments to fallen sons and brothers are commonplace — and all the more moving for that.

Nevertheless, a plausible but not conclusive case can be made that Sandinista control is leading to a new kind of totalitarian state. Many anti-Somoza but centrist politicians have fled or been forced out; so have many middle-class professionals and technicians. Black-level organizations not only spread Sandinista doctrines but report on suspected "counter-revolutionaries."

A foreign businessman, vehemently anti-Sandinista, complains that his trade volume has been cut in half since 1979, mostly due to government regulation and bureaucracy, and that he has lost more than 10 skilled employees who fled to other countries.

He foresees Nicaragua becoming a totalitarian state and a Soviet base; but he is still in business and making a profit (which has to be banked here, not sent to the parent company).

A more dispassionate observer agreed that the flight of technicians has been disastrous (most are paid about 10,000 cordobas a month — \$1,000 officially but about \$80 on the black market) and that dogmatic one-party management has damaged economic performance. Cotton exports, for example, once a major exchange earner, are down 60 percent from 1978.

But this observer, an American, believes the Sandinistas are moving toward something like the Mexican one-party system rather than to a Soviet-Cuban political model.

Overall, the economy is said to be about 60 percent in private hands. The Lions and Rotary Clubs meet regularly at the Managua Intercontinental Hotel; private restaurants and retailers seem plentiful, and even some production gains have been registered — the rice harvest, for example, rose from 1,300 quintales in 1978 to 2,103 last year.

There is political opposition, too — not only legal political parties but "citizens grumbling openly about food shortages, Marxist indoctrination in education, and religious pressures." Archbishop Obando Bravo is anti-Sandinista, and even in Managua pictures of Pope John Paul II and Vatican flags rival Sandinista banners and slogans in numbers and prominence. But elections are not scheduled until 1985, and no one knows under what conditions.

Nicaragua's strong Catholicism is one obvious source of anti-Sandinista sentiment. The orientation of the regime can be seen, for instance, in the Riguroso berrío of Managua at Iglesia Santa Maria — a modern, domed structure with an open steel skeleton in which images of Christ are subordinated to gaudy murals depicting the people's struggles, and where a Miss Campesino, or peasantess Mass, was celebrated on a recent Sunday. But the continuing power of the established church is visible, too — at the shabby but beautiful old Church of the Ascension in Managua, for example. Traditional masses there are still well-attended by young and old.

The government has promoted a successful literacy campaign ("People can read now," says Xavier Chamorro, editor of El Diario Nuevo, which supports the government. "Wasn't that what the revolution was for?") and improved health services. But it has built up the armed forces, too, and distributed arms to the populace, probably at the expense of public services.

But not even American officials here claim there is any real support for U.S.-supported anti-Sandinista guerrillas operating mostly on the Honduran border. The kind of police repression in which Somoza's National Guard specialized is conspicuous by its absence. Nor has a "cult of personality" yet developed around any of the comandantes. So if it is a dictatorship, neither Stalin nor Castro would be able to tell it.

The writer is editor and publisher of "Science & Government Report," an independent newsletter.

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The writer is editor and publisher of "Science & Government Report," an independent newsletter.

How Dangerous Is Genetic Research?

By Daniel S. Greenberg

WASHINGTON — The issue of science creating new forms of life gives rise to sharp differences of opinion. That was the case earlier this summer when 64 prominent scientists, joined by several scientists, expressed alarm about the powerful life-changing techniques that seem sure to emerge from the boom in genetic-engineering research.

"We are opposed to the creation and manufacture of new forms of life," said a spokesman for the group, Bishop Finis A. Crotchfield, president of the Council of Bishops of the United Methodist Church. But he added that the group was not opposed to using the new science for repairing defects in individuals.

That elicited a tart rejoinder from a legal scholar who had presided over a presidential commission that spent three years looking at issues of ethics and medicine, prominent among them genetic engineering. Alexander M. Capron chaired the commission, saying, "What there is a smoldering abstray with the fire department watching over it."

Without joining the band that insists that we must follow where science leads if we are to reap its benefits, there does seem to be a good deal of unwarranted alarm-ringing in this country against a rapidly advancing field of research.

The decade-long history of gene-splicing, or recombinant DNA research, as it is known formally, is so full of false alarms that prudence invites skepticism toward another.

That history, it should be recalled, includes a temporary research moratorium voluntarily initiated in 1973 by pioneers in recombinant DNA research in response to their own uncertainties about inadvertently spawning new diseases. As knowledge accumulated and the concerns were demonstrated to be groundless, restrictions on research were eliminated or reduced, though alarmists still warn of possible calamity.

The latest concern, as voiced by the clergymen and scientists, is that deliberate misuse of undesirable genetic dispositions, such as the hereditary sickle-cell anemia and Tay-Sachs disease, might inadvertently alter the human gene pool in dangerous ways. Thus, the group stated, "No individual, group of individuals or institutions can legitimately claim the right

to homogenize the human gene pool without public awareness. Furthermore, the techniques that underlie that research have produced revolutionary findings of enormous potential benefit, among them the identification of a cancer-spreading gene, as well as new means for vastly increasing agricultural productivity.

Would it be desirable to set up some public mechanism for keeping watch on this young and dynamic field of science? Yes, it would. Experience with the research and its few early applications is reassuring, but the opening chapter in the history of gene splicing is still being written.

The sensible approach, one proposed by Representative Albert Gore of Tennessee, would be to create a government commission that would function as the ethical watchdog and information clearinghouse of recombinant DNA research.

The writer is editor and publisher of "Science & Government Report," an independent newsletter.

LETTERS TO THE EDITOR

Burgundy's Image

Regarding "When More Ends Up Being Less" (IBT, June 22):

It is not just "the image of real Burgundy" that has suffered from the use of heavy southern wine to doctor overcropped Burgundies. As was documented by the late Baron Pierre Le Roy de Boiseaumarié of Châteauneuf-du-Pape, the practice of doctoring Burgundies has a long history. Until recently the heavy character of some southern Rhodé wines was a result of this.

At Châteauneuf-du-Pape, for example, low-acid, high-alcohol wines were produced in the early part of this century to please Burgundian dealers; that led to excessive planting of the Grenache *oïpave*. In the process the traditional diversity of cépages (including the more elegant Mourvèdre) was diminished.

Châteauneuf-du-Pape became a wine that, in the words of Baron Le Roy, emphasized "color, warmth and body . . . to the detriment of finesse and bouquet." The situation has been largely improved since World War II,

and is one of the reasons that better balanced and more intensely aromatic Châteauneuf-du-Papes are now available.

ROBERT W. MAYBERRY, Baume-et-Verne, France.

Frank Prial used a book called "Burgundy," written by Anthony Hanson, as a major source for his criticism of current winemaking practices in Burgundy and for criticism of the *Dominique de la Romanée-Conti*. I helped Anthony Hanson with the book.

Anthony Hanson's criticisms are well-founded, but in the case of the *Dominique de la Romanée-Conti*, Mr. Prial is quoting him out of context and doing the wine a disservice. Winemaking in Burgundy is a constantly evolving affair. Because of changes in the laws, in the growers, and technical advances, what was true several years ago is not true today. Mr. Hanson is bringing out a second edition of "Burgundy," and is updating a lot of material.

However, there are some things that don't change. The pinot noirs

from Burgundy, when they are great, give you that sense of having tasted the unforgettable. They are the only pinot noirs that really do age well. So my advice to wine lovers, and especially to Mr. Prial, is to go to the source. Open bottles, not books.

BART WASSERMAN, Savigny-les-Beaune, France.

To Defend Freedom
Regarding "The Greens' Visit" (Letters, July 26):

Beverly Solbich complained that allowing the German Green party protesters into the United States was an insult to our armed forces in Europe. As a U.S. citizen, I could not disagree more. Our system is built on the belief that the people should have free access to the full range of public opinion; it is not the business of our government to decide whose voices we may hear. This is one of the most important differences between the United States and the Soviet Union. To deny visits to foreign political figures wishing to take their case to the American people would have been an

Fighting Hunger at Its Roots

By Jonathan Power

LONDON — The crisis in world food production could be portrayed in simple terms nine years ago, when a world food conference was held in Rome. Today the problem is less easy to define, but just as critical.

In 1974, Henry Kissinger, in a speech to the Rome conference, listed reasons for the world food shortage and suggested some remedies. He pledged his commitment to policies that would ensure that "by 1984 no child will go to bed hungry."

Many of the reforms he advocated have been implemented, yet the number of hungry children has probably not diminished.

In 1974, the equation was basically this: The developing countries were not taking their food production seriously and population growth was outstripping it. Grain imports, on which these countries had become dependent, were being priced out of reach, partly because of Soviet buying and partly because of U.S. policies that paid farmers to take land out of production.

But now the picture is more complicated. Asia and Latin America seem to have made dramatic improvements. Food production in Southeast Asia, which had risen at an annual rate of only 0.3 percent per person in the 1960s, rose by 1.4 percent a year in the 1970s. The Latin American countries increased their production rate from 0.1 percent a year in the 1960s to 0.6 percent. Only in Africa did the trend continue downward.

However, while the overall figures improved for Latin America and Asia, regional disparities in income often worsened, partly under pressure of the world recession. Brazil, for example, has marshaled its forces behind large-scale, plantation-style agricultural development for export crops and sugar cane to manufacture gasoline. But little emphasis has been placed on food production by peasant farmers. As a consequence, there are more landless and more hungry people in Brazil than there were 10 years ago.

So while the world grain market has become more stable and the global figures look better, the job of helping really poor peasant farmers has hardly begun.

It was against this background that the International Fund for Agricultural Development met last week at its Rome headquarters in an attempt to find more funding to continue the organization's work, which specializes on the problems of the small-holder and the landless.

IFAD, created by the World Food Conference to deal precisely with these problems, is unusual in that 40 percent of its funding comes from members of the Organization of Petroleum Exporting Countries. The rest comes principally from Western countries.

Bruno Kreisky, the former Austrian chancellor, has now agreed to head an ad hoc group to seek badly needed contributions for the fund. In doing so, he said, he must overcome U.S. hostility to funding multilateral agencies, the belt-tightening trend in the OPEC countries, and widespread ignorance of the work of this antonomastic UN agency.

The latter problem is probably the most difficult. Changing the lifestyles of uneducated peasants is a slow business. IFAD is 8 years old and is just beginning to show. However, it has a vigorous record so far of keeping to its mandate.

In its irrigation programs, it has insisted that water charges be levied on a progressive basis so small landowners pay less than large ones. It has worked with banks and credit institutions to make it easier for small farmers to obtain loans. An innovative IFAD plan in Bangladesh earmarks credit for the landless — who generally are unable to obtain loans — for small-scale off-farm activities such as farm implement repairs and hand-tool manufacturing.

In South Yemen, IFAD persuaded the government to change its policies so that landlords and tenant farmers share the cost of supplies such as fertilizer. Previously, landlords paid for all the supplies. Now, production has increased and both tenant and landlord are better off.

IFAD has also extended a grant to the campaign to eliminate Africa's most destructive pest, the mealybug. Mr. Kreisky's campaign promises to be a tough one, but he will be helped by the list of accomplishments IFAD is beginning to compile.

International Herald Tribune.

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COMMODITIES

By H.J. MAIDENBERG

Major Banks and Insurance Firms Invading Financial-Futures Markets

NEW YORK — Manufacturers Hanover Trust Co. said last week that it was setting up a unit in Chicago to trade futures for its own account as well as to act as broker for the general public. It was further evidence of the increasing integration of the rest of the financial-services industry with the futures markets.

Because of the increasing volatility of the money market, such institutions as Manufacturers Hanover and the other major banks that set up futures divisions earlier this year require highly liquid markets for hedging, or insuring, their loan and investment portfolios and re-writing risks.

It is a market very sensitive to changes in interest rates and related economic developments. Thus, banks have to hedge assets and liabilities against adverse price moves. Until recently, much of this hedging was done in the cash market, which is far less liquid than financial futures.

The exchanges, meanwhile, are also bracing for a flood of business from another sector. Last week, Governor Mario M. Cuomo of New York signed a bill allowing insurance companies in New York to use the futures markets for hedging against the same risks that the banks are seeking to avoid: volatile and adverse moves in interest rates and related economic situations.

New York's insurance regulations are the most stringent in the United States, but other states are expected to follow suit. This means that the major banks and insurance companies could soon become the dominant factors in the financial and stock index futures and options markets. Today, private speculators and exchange floor traders provide the bulk of the volume in these markets.

But as Donald H. Layton, vice president of Manufacturers Hanover, observed last week, most major banks are constantly investing in and trading Treasury securities, tax-exempt and other fixed-income debt. "As bankers we seek to reduce or control risk, and one of the best ways is with futures," Mr. Layton said. "Because we are investors in mortgages and other long-term loans, we cannot afford to take what is, in effect, a naked position; we must hedge our exposure or risk losses."

Hedging in Municipal Bonds

One example of a common hedging operation, Mr. Layton said, involved an underwriting of a tax-exempt municipal bond issue. The issue was still being distributed when market prices suddenly began falling, he recalled. "Selling short was out of the question. The issue was still in syndicate. What we did was sell short bond futures with matching maturities in order to reduce or control our risk."

Another advantage of financial futures is that positions are marked to the market at the close of every business day. Thus, the gains can be immediately withdrawn, while the losses must be made good just as quickly.

"Being marked to the market prevents the accumulation of hidden losses because it immediately reveals extraordinary exposure," he went on. "Also, the futures market is often more liquid, easier to get out of than the cash market. This is important to a bank's internal asset-liability management."

Managing Asset Liabilities

Managing such asset liabilities as deposits, loans and investments requires the ability to cover risks. This is especially true when the risk to be covered is of an "awkward maturity," such as a deposit of less than a year. But hedgers have access to futures in Treasury bills, notes, bonds, domestic bank certificates of deposit, Government National Mortgage Association certificates, Eurodollars and foreign exchange.

"Actually, the smaller banks have a greater need to hedge their asset liabilities," Mr. Layton said. "Many small banks don't have access to a two-year CD to fund a two-year loan. Nor do they have as easy access to the cash market in financial instruments as the majors [banks] do. But they can use futures to create synthetic money-market instruments."

The large banks rarely buy financial futures to create synthetic positions because they can afford the actual cash bonds or other securities needed for hedging purposes, he noted. Manufacturers Hanover plans to service the hedging needs of correspondent banks through its futures unit.

By creating its own futures-brokerage business, Mr. Layton said, his bank would not only expand its financial-services product line, but also reduce the large sums paid to outside brokers who service its hedging operations.

Commission business from individual futures traders are being counted on to reduce overhead costs of the new unit, he added.

New York Times Service

CURRENCY RATES

Interbank exchange rates for Aug. 1, excluding bank service charges

| | \$ | DM | FF | Y | £ | S | Sw | Sc | N | A |
|-------------|-------|-------|-------|-------|-------|--------|-------|--------|--------|-------|
| Australia | 0.852 | 4.57 | 11.12 | 37.13 | 1.89 | 132.80 | 11.12 | 1.89 | 132.80 | 11.12 |
| Belgium | 0.339 | 36.75 | 20.00 | 4.65 | 2.387 | 17.90 | 1.89 | 132.80 | 11.12 | 1.89 |
| France | 0.663 | 4.84 | 16.65 | 5.48 | 1.936 | 132.80 | 11.12 | 1.89 | 132.80 | 11.12 |
| Germany | 0.536 | 4.84 | 16.65 | 5.48 | 1.936 | 132.80 | 11.12 | 1.89 | 132.80 | 11.12 |
| Italy | 0.339 | 36.75 | 20.00 | 4.65 | 2.387 | 17.90 | 1.89 | 132.80 | 11.12 | 1.89 |
| Japan | 0.007 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Netherlands | 0.339 | 36.75 | 20.00 | 4.65 | 2.387 | 17.90 | 1.89 | 132.80 | 11.12 | 1.89 |
| Spain | 0.165 | 16.65 | 16.65 | 16.65 | 16.65 | 16.65 | 16.65 | 16.65 | 16.65 | 16.65 |
| Sweden | 0.136 | 13.60 | 13.60 | 13.60 | 13.60 | 13.60 | 13.60 | 13.60 | 13.60 | 13.60 |
| Switzerland | 0.703 | 70.30 | 70.30 | 70.30 | 70.30 | 70.30 | 70.30 | 70.30 | 70.30 | 70.30 |

INTEREST RATES

| | 1M | 3M | 6M | 1Y | 2Y | 3Y | 5Y | 10Y | 30Y |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| US Govt Bonds | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Notes | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Debts | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Securities | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Instruments | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Obligations | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Securities | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Instruments | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Obligations | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Securities | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

Key Money Rates

| | 1M | 3M | 6M | 1Y | 2Y | 3Y | 5Y | 10Y | 30Y |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| US Govt Bonds | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Notes | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Debts | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Securities | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Instruments | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Obligations | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Securities | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Instruments | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Obligations | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Securities | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

West Germany

| | 1M | 3M | 6M | 1Y | 2Y | 3Y | 5Y | 10Y | 30Y |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| US Govt Bonds | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Notes | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Debts | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Securities | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Instruments | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Obligations | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Securities | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Instruments | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Obligations | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Securities | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

Japan

| | 1M | 3M | 6M | 1Y | 2Y | 3Y | 5Y | 10Y | 30Y |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| US Govt Bonds | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Notes | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Debts | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Securities | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Instruments | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Obligations | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Securities | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Instruments | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Obligations | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| US Govt Securities | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

Prices Off Broadly On NYSE

United Press International

NEW YORK — Wall Street's concern that interest rates will climb as the government increases its borrowing to finance federal budget deficits drove the New York Stock Exchange broadly lower Monday for the fourth consecutive session.

Several analysts said the market might have begun a long-awaited consolidation of late gains during the past year in the unprecedented bull market. But others look for a rebound soon because of the recent severe losses.

The Dow Jones industrial average, a 17.13 loss Friday, dropped another 5.01, to close at 1,194.21, after two rally attempts had failed. It had lost 49.48 points during the previous session after challenging its June 16 record of 1,248.50. Dow Jones' 1941 issues traded, 1,194.47, among the 1941 issues traded.

Big Board volume fell to 77.2 million shares from the 95.2 million traded Friday as big institutions retreated to the sidelines. "They weren't buying and they didn't want to sell out at these low prices," said Trade Linker, an Evans & Co. vice president.

"The market is still pretty much for sale," said Dudley Eppel, a Donaldson, Linfkin, Jenrette vice president. "There were some technical rallies in stocks that were overbought but that was not enough."

Traders also were reluctant to bid until they could see how well the investment community receives the Treasury's record \$15.75-billion refunding program, which begins Tuesday.

If the sales don't go well, interest rates could rise. The Federal Reserve's report late Friday of a \$1.4-billion money-supply increase also heightened fears of higher interest charges.

Alan Greenspan, an economist close to the Reagan administration, warned that the current recovery will not last past early 1984 and proposed a post-election summit to make the political decisions needed to cut deficits.

Also in the news background, the government reported that construction spending rose 2.6 percent in June following a 3 percent increase in May.

On the trading floor, blue-chip Exxon, which last week raised its dividend, was the most active NYSE-listed issue, up 1/4 to 36 3/4. Texaco was third on the list, up 1/4 to 36 1/4.

Some high-technology issues rebounded from last week's drubbing. Blue-chip IBM, which is expected to introduce a new low-priced home computer in September, tacked on 1/4 to 120 1/4.

General Motors lost 3/4 to 73 1/4, which had reported sharply higher second-quarter earnings, kept its quarterly dividend at 60 cents a share. Investors were disappointed by the payout.

Chrysler shed 1/4 to 27 1/4. The government said late Friday that it would sell the 14.4 million Chrysler warrants it received under its loan-guarantee plan to aid the ailing automaker.

Eastman Kodak added 2 1/4 to 72 1/4, although the company had posted second-quarter earnings of \$1.02 a share, down from \$1.52 a year earlier.



The trading room at Lehman Brothers Kuhn Loeb. Lewis L. Gluckman, top, will become the new chairman of the investment banking firm, replacing Peter G. Peterson, bottom.

From Inside Up at Lehman Brothers: Executive Rises From Trading Side

By Leslie Wayne

New York Times Service

NEW YORK — With his rumpled appearance and quiet demeanor, Lewis L. Gluckman hardly looks like the kind of man to have ascended to the top of one of Wall Street's most prestigious investment houses. And, Mr. Gluckman, by his own admission, is a private person — a loner whose passions in life are boating and carpentry and who feels uncomfortable in the public eye.

Yet this recent executive will become the chairman of Lehman Brothers Kuhn Loeb Inc., replacing one of Wall Street's best-known figures, Peter G. Peterson, secretary of commerce in the Nixon administration, who resigned 10 years to the day of coming to Lehman.

Not surprisingly, Mr. Gluckman's ascendancy to this top spot after a Lehman board meeting last week has been a topic of Wall Street speculation. In public statements issued by the two men, it was clear that Mr. Gluckman, who had for years been the No. 2 executive at Lehman, wanted to run the firm alone. While both he and Mr. Peterson said that the latter's departure was voluntary — Mr. Peterson will leave to go into venture capital — the transition could not have taken place without Mr. Gluckman's having been fully confident of the support of key Lehman partners.

That Mr. Gluckman, 57, a relative unknown outside the firm, should have been able to accomplish such a move is the measure of a man described as one of the toughest on Wall Street and someone who has devoted his life to Lehman.

"He's one of the toughest guys that ever lived," said Salim B. Lewis, a Wall Street investment banker, who has known Mr. Gluckman since 1964. "He's tough and able and a terrific competitor, and his devotion to Lehman is profound. But there's a gentle side to this guy. When I was learning this game, Lew was very helpful to me and generous with his time."

For the past two decades, the fate of Mr. Gluckman and Lehman Brothers has been intertwined. Mr. Gluckman is credited with starting Lehman's trading operations and then expanding his duties so that, at the time of his elevation, he was in charge of the day-to-day operations of the firm.

An accountant by training and a skilled trader, Mr. Gluckman came to the firm in 1963 to establish its commercial paper department, then moved the firm into the trading of corporate and government bonds. Today, trading is one of Lehman's most profitable areas, generating significantly more than half of its profits. More recently, Mr. Gluckman began to bring the underwriting functions of the corporate finance department in closer touch with the firm's trading operations, reflecting a trend on Wall Street.

A New York native, graduate of William and Mary College in Williamsburg, Virginia, and holder of an MBA from New York University, Mr. Gluckman clearly relishes his tasks, coming in at 6:45 A.M. every day, having already spent an hour reading newspapers.

"Even if I'm not running a department, I'm following the pulse of the firm," he said in one of his two interviews.

(Continued on Page 9, Col. 5)

Kodak Quarter Net Fell 32%

United Press International

ROCHESTER, New York — Blaming the sluggish economy and higher costs for materials, Eastman Kodak Co. officials Monday announced a sharp drop in second quarter and first-half profit.

Key Whitmore, Kodak's president and chief executive officer, said in a joint statement that 1983 would be a year of bottoming out, after which recovery can then begin.

Earnings from operations in the quarter were down 26 percent to \$286.6 million from the year-earlier \$389.3 million.

Net income for the quarter was \$169.4 million, or \$1.02 per share, a 32-percent decline from the prior

year's \$248.3 million, or \$1.52 per share.

For the quarter, worldwide sales for the giant camera and photographic equipment maker stood at \$2.4 billion, 1 percent below the \$2.43 billion reported in the second quarter in 1982.

Sales from the first half of 1983 were down 3 percent to \$4.53 billion from \$4.68 billion in the first half of 1982.

Earnings from operations for the period were \$363.8 million, down 47 percent from the 1982 level of \$681.6 million.

Net income for the half-year was \$218.8 million, about half the \$429.6 million a year earlier, Mr. Kaska said. Earnings for the first half were equal to \$1.32 a share, compared with \$2.64 a year ago.

In their statement, the Kodak executives said the company would continue to operate "in this sluggish economy, and that earnings were under pressure for the balance of the year."

"Many of the negative factors which faced Kodak earlier this year are still affecting the company," they said, "most notably lower unit volume, adverse impact of foreign currency fluctuations against the United States dollar, higher depreciation and higher materials costs, especially silver."

Markets Closed

Banks and financial markets were closed Monday in Switzerland because of a holiday. Financial markets and banks were closed in Toronto but open in Montreal.

Dollar Continues To Set Records

But Some Think Trade Deficit Will Eventually Cut Its Value

By Bob Haggerty

International Herald Tribune

LONDON — The dollar soared further into uncharted territory Monday, and more economists said they doubted that a sharp decline was likely this year.

In London trading, the dollar hit a 9 1/2-year high of 2.6830 Deutsche marks before settling back to a close just below 2.68 DM. The U.S. currency also pierced the 8-French franc level, rising to a record 8.0557 francs, and rose to 243.72 yen. Meanwhile, the pound slid to \$1.50.

Later in New York, the dollar closed at 2.6745 DM and 8.0385 francs.

The strength reflected the latest bulge in the U.S. money supply as well as last week's remarks by Paul A. Volcker, chairman of the Federal Reserve Board. Both developments raised fears of still higher U.S. interest rates.

The Deutsche mark, which has plunged 8 pfennigs against the dollar in the past week, remained especially weak. Analysts cite three main reasons:

• Interest rates. They continue to make the U.S. investments tempting. The three-month rate for Eurodollar deposits closed at 10 1/2 percent bid Monday, about five points above the comparable mark rate.

• The weakness of the West German economy. Most economists see only a slight recovery this year, while the U.S. economy is bounding ahead.

• Missiles. The possible deployment of U.S. missiles in West Germany this autumn could bring political turbulence.

Looking further ahead, many economists still say that the market will recover or later recognize the effects of the huge deficit in the U.S. current account, a broad measure of trade in goods and services.

Phillips & Drew, a London stockbrokerage, figures that the current account deficit will reach \$30 billion this year and \$40 billion in 1984, compared with \$8.1 billion last year. That implies a flooding of dollars into foreign markets and suggests to some analysts that the dollar should weaken.

"It's not a question of if the dollar will go down, but it's a question of when," an economist at a major West German bank said, but the "when" keeps getting pushed back. "I don't think a strong decline in the dollar will be seen this year," said Rainer Siegelkow, an analyst at Westdeutsche Landesbank.

He and others question the heavy reliance on current account figures in forecasting exchange rates.

Mark Fulton, an economist at the brokerage of James Capel & Co., noted that economists have been talking about the U.S. current account gap for more than a year. "No one seems overimpressed at the moment," he said.

Mr. Fulton said trade has become less important in governing exchange values, accounting for just 2-5 percent of foreign-exchange trading.

"The market will continue to be swung by monetary policy," he predicted. As Capel believes that U.S. interest rates are likely to rise, the firm sees no decline in the dollar soon.

Dow Jones Averages

| | Open | High | Low | Close | Chg |
|--------|--------|--------|--------|--------|------|
| 30 Stk | 1197.1 | 1204.2 | 1192.1 | 1197.1 | +1.0 |
| Indust | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Transp | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

Standard & Poor's Index

| | Open | High | Low | Close | Chg |
|-------------|-------|-------|-------|-------|------|
| Composite | 167.1 | 167.8 | 166.8 | 167.1 | +0.3 |
| Industrials | 167.1 | 167.8 | 166.8 | 167.1 | +0.3 |
| Utilities | 167.1 | 167.8 | 166.8 | 167.1 | +0.3 |
| Finance | 167.1 | 167.8 | 166.8 | 167.1 | +0.3 |
| Transp. | 167.1 | 167.8 | 166.8 | 167.1 | +0.3 |

Odd-Lot Trading in N.Y.

| | Buy | Sell |
|---------|--------|--------|
| July 29 | 20,000 | 10,000 |
| July 30 | 10,000 | 5,000 |
| July 31 | 5,000 | 2,500 |
| Aug 1 | 2,500 | 1,250 |
| Aug 2 | 1,250 | 625 |

Market Summary, Aug. 1

Market Diaries

| | Open | High | Low | Close | Chg |
|--------|--------|--------|--------|--------|------|
| NYSE | 1197.1 | 1204.2 | 1192.1 | 1197.1 | +1.0 |
| AMEX | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| NASDAQ | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

NYSE Most Active

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

NASDAQ Index

| | Open | High | Low | Close | Chg |
|-------------|-------|-------|-------|-------|------|
| Composite | 167.1 | 167.8 | 166.8 | 167.1 | +0.3 |
| Industrials | 167.1 | 167.8 | 166.8 | 167.1 | +0.3 |
| Utilities | 167.1 | 167.8 | 166.8 | 167.1 | +0.3 |
| Finance | 167.1 | 167.8 | 166.8 | 167.1 | +0.3 |
| Transp. | 167.1 | 167.8 | 166.8 | 167.1 | +0.3 |

Dow Jones Bond Averages

| | Open | High | Low | Close | Chg |
|-------|-------|-------|-------|-------|------|
| 30 Yr | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| 10 Yr | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| 5 Yr | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

NYSE Index

| | Open | High | Low | Close | Chg |
|--------|--------|--------|--------|--------|------|
| NYSE | 1197.1 | 1204.2 | 1192.1 | 1197.1 | +1.0 |
| AMEX | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| NASDAQ | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

NYSE Most Active

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

Monday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

Bundesbank Seeks To Tighten Swaps Tied to DM E Bonds

FRANKFURT — The Bundesbank is seeking to ban currency swaps linked to Deutsche mark Eurobond issues in an attempt to maintain tight control over the West German capital market and avoid capital outflows, according to bond market sources.

Major West German underwriting banks will meet Thursday to set a new calendar of Deutsche mark Eurobonds and the central bank will ask the banks to agree to adopt a new clause in future bond contracts prohibiting borrowers from using the proceeds for currency swaps, the sources said.

A spokesman for the Bundesbank confirmed on Monday the proposal will be discussed at Thursday's meeting of the central capital market subcommittee for foreign bonds.

He said banks have for some months agreed informally with the Bundesbank not to lead manage or underwrite Deutsche mark Eurobonds where the borrower specifically intends to make a currency swap with the proceeds.

But the Bundesbank has decided to tighten the informal agreement with a written clause in contracts. This will also apply to *schuldschein* promissory notes and long-term credit.

The sort of currency swap in question would involve a borrower taking up a Deutsche mark liability through a Eurobond issue and swapping this with, for example, a dollar bond issued by another borrower, bond market sources said.

Senior bond market managers said a currency swap can sometimes mean a borrower obtaining another currency more cheaply than on the foreign exchange market if a partner can be found with a matching liability.

Some borrowers traditionally find a better reception for their Deutsche mark Eurobonds than for dollar issues launched in the United States as Yankee bonds or for dollar Eurobonds issued in London.

The Bundesbank's main concern, according to one new issue manager, is that issues of Deutsche mark Eurobonds may assure lead managers at the time of launch that no currency swap is intended, but two or three months later go ahead with a pre-arranged transaction set up with a partner who has borrowed dollars.

Interest rate swaps, whereby two borrowers swap fixed and floating rate liabilities denominated in the same currency, will not be banned.

New issue managers said the Bundesbank is obviously anxious to prevent too large an interplay between the relatively strictly controlled market for Deutsche mark Eurobonds and the effectively unregulated market for dollar Eurobonds.

12 Month High Low Stock Div. Yld. P/E 100 High Low

| | Open | High | Low | Close | Chg |
|-----------|-------|-------|-------|-------|------|
| IBM | 119.7 | 120.4 | 119.2 | 119.7 | +1.0 |
| Microsoft | 102.1 | 102.8 | 101.8 | 102.1 | +0.3 |
| Apple | 47.6 | 48.2 | 47.2 | 47.6 | +0.4 |

12 Month High Low Stock Div. Yld. P/E 100 High Low

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Reagan Is Establishing Commission On U.S. Industrial Competitiveness

By Juan Williams and Michael Schrage
Washington Post Service

WASHINGTON — President Ronald Reagan will announce Thursday that he is establishing a National Commission on Industrial Competitiveness. The move is to counter growing pressure on the administration to expand trade protection through tariffs and quotas to protect U.S. businesses from foreign competition.

The commission, which will be headed by John A. Young, president and chief executive officer of Hewlett-Packard Co., is also seen by the administration as a high-profile alternative to calls from Democrats — particularly Democratic presidential candidates — for a national industrial policy.

In addition, White House officials said, the commission will give them added leverage in controlling the sudden increase in demands by unions for higher wages as the recession comes to an end. Administration officials fear that industry concessions to unions in the next

year could set off a new round of wage and price inflation.

"I think the whole point is that (U.S. competitiveness) worldwide lies with the private enterprises not the government," said Mr. Young. "But the federal government spends 50 percent of all money invested in research and development so it does have a role in laying down a public-policy structure."

The commission's emphasis will be on high-technology, in a bid to make declining U.S. industries more competitive. High technology would be viewed as "intellectual property," to be exported only under conditions that protect U.S. companies from theft of U.S. technological innovation, particularly by Soviet bloc nations.

In addition to Mr. Young, the commission's 25 members will include Robert Anderson of Rockwell International; George Low, president of Rensselaer Polytechnic Institute; Rimmer DeVries, senior vice president of Morgan Guaranty Trust; Michael Porter, a professor of business at Harvard Business School; and Kipling Ha-

gopian, a venture capitalist in the "Silicon Valley" high-technology area south of San Francisco.

Mr. Young, the Hewlett-Packard executive whose Silicon Valley company is one of the world's largest exporters of computers and electronics test equipment, said the commission will focus on easing antitrust barriers to joint research and development of high technology by U.S. companies; increasing tax credits for research and development; and improving the research capacity of U.S. universities.

Mr. Young and Edwin L. Harper, assistant to the president for domestic policy and the chief proponent of the commission in the White House, said the commission will focus on improved control of the \$40 billion in research money spent annually by the government. He said that approach is preferable to adopting the Democratic idea of a national industrial policy of aiding high-technology companies with cash subsidies while increasing trade protection through tariffs and quotas.

"With every industry, every business, every group, the textiles com-



John A. Young

panies, the oil companies, agricultural companies, representing their interests and pleading for tariffs and quotas there is a need to show a different route to taking on foreign competition," said Mr. Harper.

Mr. Harper said: "In this country we don't cut salaries so in order to get competitive we will have to cut costs in production. That will come from a new attitude from management, the government, labor and from better use of high technology in basic industries."

New Lehman Executive Rose From Trading Side

(Continued from Page 7)

offices at Lehman, a glass-enclosed office overlooking the trading operations. "I'm marvelously intoxicated with this business. The puzzling thing about life is how you can become so identified with this object called a corporation that you want to serve and become a part of it. People do fall in love with investment banking."

He steers a firm of about 3,000 employees, with capital of more than \$225 million. The firm has 77 partners and is run by a 12-member board. His rise at Lehman has been steady — he became chairman of Lehman's operating committee in 1976, chief operating officer in 1980, president in 1981 and co-chief executive officer just two months ago.

Yet even on Wall Street he is not well known.

"He has never been visible or participated in industry functions," said George L. Ball, president and chief executive of Prudential-Bache Securities Inc.

For the past several years, Mr. Gluckman has been in the trenches of the firm's operations — reviewing the budgets of each division, overseeing the compensation and promotion of key employees and checking the firm's trading position at the end of each day. As he rose in the firm, however, he began moving outward, and he has recently met more frequently with corporate finance clients.

In some ways, his ascent reflects the changing world of investment banking. It is no longer a gentleman's club, where old school ties were the key to landing business. Instead, investment banking has taken on a greater transactions orientation — the firm that can get the deal done faster and for a better price gets the business.

Trading skills have become more valuable throughout the business, and trading, itself, has become a more profitable part of the profession.

Mr. Gluckman is seen as someone bridging those two worlds, and he isn't the only person from the trading side to reach the top spot of a Wall Street firm. First Boston Corp. announced earlier this year the selection of Peter T. Buchanan as its chief executive officer, a financier whose background is in sales and trading.

Paul K. Kelly, an executive vice president at Dean Witter Reynolds Inc., said, "Gluckman is a fellow who understands quickly changing markets and is part of a new breed of people who are willing to commit large amounts of capital without hesitation. The power on Wall Street has gravitated to people who can do that well."

Lehman's current success — and scrappiness — contrasts to the days before the arrival of Mr. Peterson, when Lehman had suffered considerable trading losses and was considered the personal fiefdom of Robert Lehman, a descendant of the founding family and an art collector, who died four years before Mr. Peterson's arrival.

"Then it was a partnership under the dominion of Lehman," Mr. Gluckman said. "He was wealthy and there was no need to raise capital. All he had to do was to sell two paintings and the payroll would get paid."

Mr. Peterson credits Mr. Peterson with turning around a firm that was saddled with losses and ineffectual after Lehman's death.

Although Mr. Gluckman was Mr. Peterson's right-hand man, the two, a decade later, found that their interests took different turns. This became increasingly apparent to observers who began to see Mr. Peterson as "outside" and Mr. Gluckman as "inside."

"Pete Peterson didn't have the compelling interest in the day-to-day operations, which had moved to Gluckman," said Perrin Long, industry analyst at Lipper Analytical Services. "Peterson was spending more time in other areas away from the firm." Among Mr. Peterson's outside activities was the spearheading of a group of prestigious businessmen to put pressure on the Reagan administration to reduce the federal deficit.

"Pete had a broad range of interests in the public and the private sector that he had been interested in since he came here," Mr. Gluckman said. "And my direction of interest was in the professional management of the business. I had already satisfied my financial needs and I was fascinated with the issue of building that management into a team. What fascinates me is the running of an investment bank. I like that better than being an investor, and I've never derived the same psychic income from acting as an investor as in the management process."

Merrill Unit Changes Name

NEW YORK — Merrill Lynch & Co. said Monday that it has changed the name of its investment banking arm to Merrill Lynch Capital Markets from Merrill Lynch White Weld Capital Markets Group.

SOCIÉTÉ GÉNÉRALE

Placing Rate Notes due 1981/1991
U.S.\$100,000,000

For six months, July 25, 1983 to January 24, 1984, the notes will carry an interest rate of 10 1/2% per annum.

The interest due January 25, 1984 against coupon No. 5 will be U.S.\$269.93 and has been computed on the actual number of days elapsed (184) divided by 360.

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COMPANY EARNINGS

Revenue and profits, in millions, or in local currencies unless otherwise indicated

| Britain | | | |
|-------------------|-------|-------|-------|
| Lloyds Bank | 1982 | 1983 | 1984 |
| Revenue | 1,245 | 1,315 | 1,415 |
| Profit | 125 | 135 | 145 |
| Per Share | 0.65 | 0.70 | 0.75 |
| Canada | | | |
| Cons. Bathurst | 1982 | 1983 | 1984 |
| Revenue | 265 | 275 | 285 |
| Profit | 25 | 26 | 27 |
| Per Share | 0.29 | 0.30 | 0.31 |
| Nippon Kokan | | | |
| Revenue | 1,245 | 1,315 | 1,415 |
| Profit | 125 | 135 | 145 |
| Per Share | 0.65 | 0.70 | 0.75 |
| Gen. Public Util. | | | |
| Revenue | 1,245 | 1,315 | 1,415 |
| Profit | 125 | 135 | 145 |
| Per Share | 0.65 | 0.70 | 0.75 |
| Toray Industries | | | |
| Revenue | 1,245 | 1,315 | 1,415 |
| Profit | 125 | 135 | 145 |
| Per Share | 0.65 | 0.70 | 0.75 |
| Philippines | | | |
| Revenue | 1,245 | 1,315 | 1,415 |
| Profit | 125 | 135 | 145 |
| Per Share | 0.65 | 0.70 | 0.75 |
| United States | | | |
| Aetna Life & Cos. | 1982 | 1983 | 1984 |
| Revenue | 1,245 | 1,315 | 1,415 |
| Profit | 125 | 135 | 145 |
| Per Share | 0.65 | 0.70 | 0.75 |
| Japan | | | |
| Kawasaki Heavy | 1982 | 1983 | 1984 |
| Revenue | 1,245 | 1,315 | 1,415 |
| Profit | 125 | 135 | 145 |
| Per Share | 0.65 | 0.70 | 0.75 |
| Kobe Steel | | | |
| Revenue | 1,245 | 1,315 | 1,415 |
| Profit | 125 | 135 | 145 |
| Per Share | 0.65 | 0.70 | 0.75 |
| Mitsui Osk Lines | | | |
| Revenue | 1,245 | 1,315 | 1,415 |
| Profit | 125 | 135 | 145 |
| Per Share | 0.65 | 0.70 | 0.75 |

World Trade Figures Frustrate the Analysts

(Continued from Page 7)

dividends on investments and payments for various services. Keeping track of these invisibles, an ever-larger share of international trade, is often difficult.

According to economists for the international lending agency, the discrepancy is growing fastest in the category called "other services." These include construction and other contractual work that rapidly developing countries — recently, members of the Organization of Petroleum Exporting Countries — purchase from foreign companies and individuals. Payments go to some individuals "who have fiscal incentives for under-reporting or routing payments via tax havens," the IMF reported in a seven-page appendix on the subject in June's 1983 outlook.

Another elusive category is "other investment income." This covers payments that companies and governments make to their stockholders and creditors. The companies usually report the payments, but the recipients — again, many of them individuals — often do not report receiving them. In some cases, the payments are made to intermediaries, such as Swiss banks, and because these accounts belong to citizens of other countries, Switzerland does not record them in its treasury books.

Many other transactions entirely the world's bookkeepers entirely. When a ship flies a flag of convenience picks up a cargo, one country makes note of payment of the shipping fees, but none records receipt of the payment.

Some multinational corporations pose similar problems. A company's headquarters might be in New York, but a subsidiary in Paris might contract with a company in Tokyo to build an oil pipeline in Saudi Arabia. The payment might be properly recorded in Saudi books, but the record of the receipt can get lost on route to the company in New York.

C. Fred Bergsten, head of the Institute for International Economics, a Washington research center, suspects that many travel transactions are inadequately reported as expenditures

U.S. tourists, for example, travel across Europe.

"Tourism is a notoriously underreported area," he said. "That could be tens of billions of dollars, just that alone."

Similarly, outright crime, such as illegal drug traffic, does not show up in the current account. Economists also speculate that some OPEC countries have been siphoning off in their war with Iran but have not been reporting the aid.

Although relatively small discrepancies have been acknowledged for years, the unaccounted-for funds were rarely more than \$10 billion, and until the mid-1970s, the imbalance was often a surplus. Turmoil in oil prices and then the rapid rise of the dollar are thought to have helped upset the balance, pushing the deficit from \$20 billion in 1980 to \$47 billion in 1981. For last year, the IMF said the figure was \$89 billion. Mr. Walsh, who calculates the figure in a different way, says it came to \$112 billion.

Economists speculate that the world's accountants simply were not equipped to monitor the new, overnight shifts in funds that followed the oil-price increases. And the IMF speculates that the rising dollar led to disparities in the period between one country's payment for a service, at one exchange rate, and another country's receipt, when the dollar was higher.

Removing the many discrepancies could be important for the world economy. A lower discrepancy could show that some industrial countries, most of which are now reporting deficits in international commerce, are actually running surpluses. That in turn, would ease pressure within those countries to protect their industries from foreign competition.

"It's very important, because if everybody thinks he has a deficit and nobody thinks he has a surplus, then somebody thinks his problem is worse than it is," Mr. Bergsten said. "Right now, there's no one on the surplus side except Japan to take balancing action."

Kuwait Cabinet Readies New Stock Market Bill

KUWAIT — The Kuwaiti Cabinet on Sunday endorsed a new bill aimed at settling billions of dollars of debts from last year's stock market crash. It asked Majlis al-Umma, or parliament, to consider the bill next week.

A Cabinet official said the bill, aimed at reducing potential bankruptcies, calls for settlement of share dealings at original market prices plus a premium of a maximum 25 percent.

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In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period 29th July, 1983 to 29th January 1984 has been fixed at 10 1/2% per annum.
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Curacao, Netherlands Antilles

Notice of Redemption to Holders of

6 3/4% Convertible Subordinated Debentures

due August 15, 1983

Pursuant to Article Eleven of the Indenture dated as of August 15, 1978 among Coca-Cola Bottling of New York Finance N.V., The Coca-Cola Bottling Company of New York, Inc., and Morgan Guaranty Trust Company of New York, as trustee ("Trustee"), as amended by the First Supplemental Indenture dated August 15, 1981, EACH DEBENTURE WILL BE REDEEMED ON THE DATE, AT THE PRICE AND ON THE TERMS SPECIFIED BELOW:

REDEMPTION DATE: August 15, 1983

REDEMPTION PRICE: \$1,030.00 per Debenture

DEBENTURES TO BE REDEEMED: All outstanding Debentures

INTEREST: COUPONS:

On the Redemption Date, the Redemption Price together with any accrued interest will become due and payable upon each Debenture redeemed. The coupon for each Debenture which matures on August 15, 1983 shall be detached and presented for payment in the usual manner. After the Redemption Date interest shall cease to accrue on each such Debenture and coupons maturing after such date shall be void.

HOW TO REDEEM:

Debentures, together with all coupons appertaining thereto maturing after the Redemption Date, are to be surrendered for payment either by hand delivery or by mail, to the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, the main office of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt/Main, London, Paris and Zurich, Banque Bruzelles Lambert S.A. in Brussels, Banque de l'Indochine et de l'Extrême Orient S.A. in Paris, H. Schröder Wagg & Co. Limited in London, Swiss Bank Corporation in Zurich, Westdeutsche Landesbank Girozentrale in Düsseldorf, Banque Internationale à Luxembourg in Luxembourg and Bank Morgan Labouchere N.V. in Amsterdam, along with the name (and address) in which the cash shall be issued.

CONVERSION:

As a result of certain mergers of which the Debentureholders were previously notified and pursuant to the First Supplemental Indenture, EACH DEBENTURE IS CONVERTIBLE INTO THE RIGHT TO RECEIVE \$1,155.54 IN CASH, without any interest accumulated thereon.

TERMINATION OF CONVERSION:

The right to convert Debentures for \$1,155.54 in cash per Debenture will terminate at the close of business on August 10, 1983. Debentureholders who convert will not be entitled to payment of any interest accrued on the Debentures since August 15, 1982. Debentures surrendered between August 11 and August 14, 1983 will not be converted but will be held for redemption at a rate of \$1,030.00 per Debenture on August 15, 1983.

HOW TO CONVERT:

Holders who desire to convert such Debentures into cash at the rate of \$1,155.54 per Debenture may do so by tendering such Debentures in the same manner described above as Holders who wish to redeem Debentures, provided such Debentures are accompanied by a written notice requesting such conversion and stating the name (with address) in which the cash shall be issued.

As a result of the foregoing, Debentureholders have a right to:

(1) surrender their Debentures for redemption on or after August 15, 1983 and receive \$1,030.00 per Debenture; or
(2) convert their Debentures on or before the close of business on August 10, 1983 and receive \$1,155.54 per Debenture.

COCA-COLA BOTTLING OF NEW YORK FINANCE N.V.

July 6, 1983

All of these securities having been sold, this announcement appears as a matter of record only.

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| Donaldson, Lufkin & Jenrette | Alex. Brown & Sons | Goldman, Sachs & Co. |
| Hambrecht & Quist | Drexel Burnham Lambert | Kidder, Peabody & Co. |
| Lazard Frères & Co. | E. F. Hutton & Company Inc. | Salomon Brothers Inc. |
| Prudential-Bache | Merrill Lynch White Weld Capital Markets Group | Smith Barney, Harris Upham & Co. |
| Shearson/American Express Inc. | L. F. Rothschild, Unterberg, Towbin | Wheat, First Securities, Inc. |
| Wertheim & Co., Inc. | Dean Witter Reynolds Inc. | Atlantic Capital Corporation |
| ABD Securities Corporation | Armhold and S. Bleichroeder, Inc. | EuroPartners Securities Corporation |
| Basle Securities Corporation | Cazenove Inc. | Rothschild Inc. |
| Robert Fleming | Kleinwort, Benson | Sogen Securities Corporation |
| Compagnie de Banque et d'Investissements, CBI | Crédit Commercial de France | |
| Sparekassen SDS | Swiss Volksbank | M. M. Warburg-Brinckmann, Wirtz & Co. |

July, 1983

Monday's AMEX Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

BUSINESS BRIEFS

Malaysia Is Raising \$850 Million
Via Floating-Rate Euronote Issue

LONDON (Combined Dispatches) — Malaysia is raising \$850 million through a 10-year floating-rate Euronote, lead manager Crédit Suisse First Boston Ltd. said Monday.

With \$500 million available as an initial tranche, the notes, in \$10,000 denominations, would pay 1/4 percentage point over the London interbank offered rates for six-month Eurodollar deposits, with a minimum 5/4 percent coupon.

Note holders have the option of redeeming at par in 1988 and 1990. Syndication of floating-rate Euronotes is a much faster process than Eurobond syndication, bond market sources said, noting that a bond syndication would have been difficult during the European summer holidays.

U.K. Firm Buys into L.F. Rothschild

NEW YORK (Reuters) — Rit & Northern of Britain has acquired a 25-percent general partnership interest in L.F. Rothschild, Unterberg, Towbin, the investment bankers, the companies announced Monday. The terms were not disclosed.

Rit & Northern also said that it intends to convert its limited partnership interest and subordinate Rothschild debt it holds as of Oct. 1. It said the conversion, which is subject to approval by its shareholders, would give it a 50-percent general partnership interest.

EC Rejects Bonn's Beer Restrictions

BRUSSELS (Reuters) — The European Commission has told West Germany to drop restrictions on beer imports or face possible action before the European Court of Justice, community sources said.

The commission sent a letter formally rejecting the West German government's defense of laws that require, for health reasons, the use of only pure malt, hops and water. The regulations exclude imports of European beers containing additives, and that led the commission last year to open proceedings against West Germany for infringing the community's free trade rules.

June Output Up 1.9% in W. Germany

BONN (Reuters) — West Germany's seasonally adjusted industrial production rose 1.9 percent in June after rising a revised 1 percent in May, the Economics Ministry said Monday. The ministry had originally said the May index was unchanged.

The ministry said June production was 1.9 percent above the level of June last year. In two-month comparisons, the ministry said the results for May and June compared with March and April confirm an upward trend. For the two months, manufacturing production was up 1.5 percent, food and produce output rose 2 percent, raw materials and production goods were up 1.5 percent and investment goods were up 1.5 percent. Production in the construction industry rose 7 percent.

Production for EC Rises 0.3% in May

LUXEMBOURG (AP) — Industrial production in the European Community climbed a seasonally adjusted 0.3 percent in May from the previous month, the EC statistics agency, Eurostat, reported Monday.

Eurostat said, "There can be no question of a definite uptick in industrial production except in West Germany, the Netherlands and Denmark." Overall, it said, provisional figures indicated that industrial production in the 10-nation bloc in May was 2.8 percent below May 1982.

But it reported a "slight uptick" in Great Britain in May said "production in France has increased slightly since the end of 1982." Production in Italy was declining with a May's figure 8 percent below May 1982 levels.

Grumman Sells Troubled Division

BETHPAGE, New York (AP) — Grumman will receive \$41 million from General Automotive for Grumman's troubled Flexible bus division, the companies announced Monday.

The \$41 million includes \$14 million cash and the rest in a 10-year note and preferred stock in Flexible Corp., which becomes a General Automotive subsidiary. Under the terms of the sale, Grumman also receives an option to buy back, at a price to be determined, up to 20 percent of Flexible stock.

Shearson Made Bid
For Chrysler Rights

By Robert J. Cole

New York Times Service

NEW YORK — Shearson/American Express, the big Wall Street investment house, said that it had offered to buy the government's rights to 144 million shares of Chrysler Corp., but that the government had rejected the offer.

Other Wall Street firms, meanwhile, were thought to be considering offers of their own. The government obtained the rights three years ago when it had agreed to guarantee up to \$1.5 billion in loans to the auto producer. The warrants represent 9 percent of Chrysler's stock outstanding.

Paul Mejean, senior vice president of Shearson, who said that he had made the offer on his company's behalf, declined Sunday to say how much had been offered for the rights, called warrants. But the price appeared to be high enough to give the government a profit approaching \$300 million.

The Treasury announced Friday that it had rejected "an unsolicited firm offer" from one bidder.

In a letter to Lee A. Iacocca, chairman of Chrysler, released after the close of the stock market Friday, Donald T. Regan, Treasury secretary and chairman of the Chrysler Loan Guarantee Board, said the board had decided to sell the warrants by competitive bid-

ding among Wall Street firms. The process is expected to take a number of weeks, so that bidding would not begin until late August or early September.

Big Gains
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Bad NewsProfessionals
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under Pressure

Perhaps the best rule ever written for open-market speculators recommended acting "when you feel all alone." If everybody seems to be selling semiconductor stocks, the rule says, buy them — with the same thesis applying to intervals when everybody seems to be selling U.S. Treasury Bonds and Gold. IOG readers were told during a June credit panic of 1982 to buy gold at \$300 for a preliminary bounce to \$490, T-Bond futures at \$59 and such oversold items as Advanced Micro Devices near \$15 and gold producers Campbell Red Lake and Homestake near \$8. Gold staged its anticipated first move and the three stocks quadrupled. T-Bond futures gained as many as 20 points for an eightfold profit and recently have reached levels near \$71 from which we expect another highly profitable advance. More recently we've been dealing with bad news concerning such issues as Prime Computer and Texas Instruments. And once again our researchers tell us to expect eventual quadrupling action from most recent lows. If the latter of a price above \$400 seems insupportable to you, read in IOG reports how a comparable bad-news episode in 1982 was followed by a run from \$10 to \$70. We think you'll enjoy and profit from the controversy of IOG's growth reports, once you've telephoned, telexed or returned the coupon for complimentary copies.

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SPORTS

Pressures and Ambivalence: Seeds of Drug Abuse

Peter Gent is the author of "North Dallas Forty" and the forthcoming "The Franchise."

By Peter Gent

NEW YORK — My use of pharmacological technology in professional football began with the Dallas Cowboys and ended with the New York Giants. That was in the 1960s. Drugs were misused and misunderstood then, they are misused and misunderstood now, and they pose a grave threat to the game.

The use of drugs as medication in professional football was an open fact in the late 1960s, and was not considered any different from any of the other methods necessary to prepare players to batter their bodies on a seven-day schedule. As in society generally, drugs are used in professional sports to make certain that the employee is on the job in the best shape possible.

Medicines — drugs — are used to speed the body's healing process and/or mask its degeneration. The difference between drug use in professional sports and in society as a whole is one of degree and moderation.

That the National Football League in general tries to deny the massive use of drugs in football seems ludicrous. Tex Schramm, president of the Cowboys, once said that players were never injected with pain-killing drugs before games. Yet in 1967, after knocking three ribs off at the spine and doing permanent damage to his vertebrae, I was injected

with several syringes of Novocain so that I could try to play against Los Angeles. I made it through a few pregame warm-ups before collapsing and losing my job for good to Lance Renzel.

Nobody had a gun to my head. I asked for the shots. The alternative was unemployment. The alternative was always unemployment.

In addition to occupational drugs we had recreational ones. Our major recreational drug was alcohol. Marijuana began to crop up in the middle and late 1960s, and some players began to dabble with mescaline, peyote and magic mushrooms. Amphetamines were generally considered part of the working arsenal, as were such narcotics as codeine and Demerol. Misinformation about drugs and our own physical condition was the general rule.

There is no doubt that in football the use of drugs taken as part of the job — as medication — caused the way for increased use of drugs as part of life. And just as a player denies that the drugs he was taking for treatment aren't harmful, so he denies that the drugs he uses recreationally aren't harmful.

Teams have turned their backs to both problems.

Drugs and professional sports will go hand in hand. Always. Anybody who tells you different is a liar or a fool and quite possibly both. The problem is widespread and NFL teams have been blind to it, either purposely or because of a Pollyanna outlook. For them to believe that drug use is rampant would be



Gent in '60s publicity shot. "The sickness is greed."

contrary to the image they work so hard to create. Cocaine began to appear in the late '60s. It seemed to many like the miracle drug. I was out of football when it hit its full stride

as a recreational drug, although from my perspective as a player it seemed that its effects made it a better working drug. But what did I know?

Although I wasn't playing any longer, by the late 1970s and early '80s I began to come across cocaine with increasing frequency in sports circles, and in alarming quantities.

That was a scary prospect for a player like myself who in my best season had a salary of \$17,000 as a starting flankerback. By 1980 I had enough experience in various situations to see what people would do to get cocaine and what they did after they got it.

It didn't take a genius to see the danger to a high-profile professional football player.

Like all adolescents, football players have heard the lectures about drugs and drug abuse from authority figures, and they aren't about to start listening now. They are not heroes; they are survivors. As soon as they lose that quick step, no rules apply. Cocaine seems to add a step, to keep them up fighting the awful comedown. The only real fear is that of failure.

An upper-class drug epidemic in a lower-class sport full of instant millionaires in full-length mink and quarter-length self-esteem could bring us a new spectacle.

Athletics, in its pure form, is about growth, and is a complete experience that leaves the participant satisfied. But professional football is about money, filling the seats, making the money. The crowd must be pleased — satis-

fied, satiated. And to play his part, the athlete has to die a little every week. The tremendous loss of performance is quickly followed at game's end by the low of coming down.

Obviously for many players today the fear of coming down is overwhelming, and they have chosen cocaine in a vain attempt to stay up.

Sending acknowledged addicts for rehabilitation, which looks good publicly, is a quick fix but does not address the overall problem. Former abusers lecture from experience but vainly, because they are barely addressing even the symptoms. They haven't touched the sickness, which professional football has yet to diagnose.

Massive and with its seeds are in us all, the sickness is greed. Like sleep without dreams, going up while trying to avoid the necessary pain of coming down deprives the athlete of one of the vital lessons of sport. All good things do come to an end. That's true even if you are buying cocaine by the kilo.

When the athlete ceases to learn and grow from his experience, he begins to feed upon his own vitals and has soon emptied himself.

He pours more drugs into his body, desperately afraid of the coming down because now he is higher than he has ever been and less prepared for the fall.

A player going more cocaine than he can pay for is a high-dollar pigeon who some day may have to pay for a cocaine line by covering a betting line. He has slipped into a bigger game with only one rule: Do or die.

4 Inducted Into Hall of Fame

By Joseph Durso

NEW YORK — The Cooperstown, N.Y., Baseball Hall of Fame Sunday in a rare kind of international fiesta, the singing of the Dominican Republic anthem and hundreds of Baltimore Orioles balloons, caps and banners.

They entered the Hall of Fame along with George Kell and Walter Alton, a crowd of 10,000 jammed the hillside around Cooper Park in the Leatherstocking country of upstate New York. It was the largest there since the hall was opened 45 years ago, and it was a cheering, chanting crowd that roared for the former Orioles third baseman and the pitching master from Latin America.

There was so much fanfare in the two-hour ceremony, in fact, that it even subdued the impending crisis over the future of Bowie Kuhn, the embattled commissioner, who said simply: "This is baseball's finest hour. Only 184 people have reached the Hall of Fame, and these are four of the most popular in our time."

Kuhn stuck to the agenda and the stars of the cast, pausing frequently while the massed Baltimore fans roared for numerous standing ovations. He spoke in Spanish at one point while introducing Marichal, and Marichal in return spoke for several minutes in Spanish in an unusual departure from past procedure.

In a holiday mood, the crowd cheered the four new members and the 25 previously enshrined members who were on the platform.

The old heroes included Joe DiMaggio, Sandy Kousser, Johnny Mize, Ralph Kiner, Bob Feller, Cool Papa Bell, Jimmy Johnson, Al Kaline, Joe Cronin and more than a dozen others who already occupy niches in the gallery. And they seemed dazzled, too, by the constant cheerleading from the audience.

The only principal missing was Alton, who suffered a heart attack in March and who was watching the ceremonies on television at his home in Detroit, Ohio. He was honored for his 23-year career as manager of the Dodgers in Brooklyn and Los Angeles, a career that included seven National League pennants and four World Series victories.

Next came Kell, a third baseman

and 306 hitter for 15 years with the Philadelphia A's, Detroit Tigers, Boston Red Sox, Chicago White Sox and the Orioles. Now a television broadcaster with the Tigers, Kell said he found it unbelievable that he and Robinson had come from Astoria, Ore., and "traveled the same path to this place." He and Robinson are only the sixth and seventh third basemen to be elected to the hall.

When Marichal followed Kell to the microphone, Kuhn said: "I doubt that any country in the world has produced as many ballplayers per capita as your homeland."

Speaking first in English, the husky pitcher replied: "I accept this honor on behalf of my family, my country and all who assisted in making my baseball career a reality."

Then he repeated the acknowledgment in Spanish, and his remarks were relayed by two satellites to the Caribbean. He became the first player from Latin America to be elected to the hall in a regular election. Roberto Clemente of Puerto Rico was inducted in 1973 after a special election that followed his death in an airplane crash. Martin Dihigo of Cuba was elected in 1977 as a star of the old Negro League.

Marichal was extolled as a stylist who pitched 16 seasons in the big leagues, 13 of them for the San Francisco Giants, starting in 1960. He won 243 games, lost only 142, completed 244 and finished with a winning percentage of .621, the 11th best in baseball history.

Then it was Robinson's turn, and the Baltimore delegation had its best and loudest moments.

"I never saw a man," Kuhn said, "who so dominated a baseball event as Brooks Robinson dominated the 1970 World Series. A truly great Cincinnati team, the Big Red Machine, drove into a concrete wall at third base."

"No one owns more Gold Gloves than the 16 he earned in consecutive seasons, starting in 1960. He owns nearly every fielding record for a third baseman, including the best fielding percentage of .971 for his career."

Robinson played in 2,870 games in 23 years, all for the Orioles, and also played in 18 straight All-Star Games. Like Kell, he now works as a television broadcaster for his old team. When he rose to speak, his partisans launched dozens of orange balloons into the summer sky, then cheered while the usually low-keyed Robinson replied in an emotional speech.

"I keep asking myself," he said, "how any one man could be so fortunate. One thing I am grateful for, and it may not happen much in the future because of the changing nature of baseball, and that is I played in one city — Baltimore, my adopted hometown. They cheered me on my good days, and on my bad days."

The cheers erupted again and, from the back of the thronged lawn, a voice called out: "There were no bad days, Brooks."

Indians Overpower the Blue Jays, 16-11, in Debut for Manager Corrales

Compiled by Our Staff from Dispatches

TORONTO — The Cleveland Indians outdistanced the Toronto Blue Jays, 16-11, here Sunday, making Pat Corrales, who had replaced Mike Ferraro only a few

hours earlier, a winner in his first outing as the Indians' manager.

Corrales had been fired two weeks ago as manager of the Philadelphia Phillies.

Last-place Cleveland began the day with a 4-0 lead, 19 games out of first in the American League East and 11 games behind six-place Boston. The Indians have struggled all season at their starting pitching, projected to be a strength, has failed. Cleveland has a team earned-run average of 4.57 — 12th in the American League.

The pitching was true to form Sunday, but the Indians put together a 19-hit attack that overpowered Toronto. Toby Marshall went 5-for-5 and drove in three runs with a base-loaded, fifth-inning double that broke a 7-7 tie.

Corrales, 42, managed the Texas Rangers in the American League from 1978 to 1980 and the Phillies in 1982 and into this season. He compiled an overall 292-277 record for a .511 winning percentage. His Cleveland contract extends through the 1984 season.

Ferraro, a former New York Yankee coach, was signed to a two-year contract in November 1982, replacing Dave Garcia, who had managed the Indians to four straight sixth-place finishes.

In Baltimore, Eddie Murray and Gary Roenicke homered to back the four-hit pitching of Mike Roddenberry (7-5) and pace the Orioles to their fifth straight victory, 6-0, over Texas.

Tigers 6, Royals 5

Royals 7, Tigers 5

In Detroit, U.L. Washington drove in three runs with a single and a homer and Dan Quisenberry pitched three shutout innings for his 26th save of the year as Kansas City downed the Tigers, 7-5, to gain a doubleheader split. Alan Trammell doubled home three runs and Aurelio Lopez earned his 16th save

with four innings of relief in the 8-6 opener.

Mariners 3, Twins 2
In Minneapolis, pinch hitter Manny Castillo's two-out double to the fence in right-center drove Ricky Nelson with the winning run that lifted Seattle past Minnesota, 3-2. Bill Candell earned his 19th save of the year.

Angels 4, A's 0

In Anaheim, California, rookie Mike Brown drove in two runs with a triple and double and Geoff Zahn (8-5) pitched a seven-inning shutout to lead the Angels to a 4-0 victory over Oakland.

Yankees 2, White Sox 6
In Chicago, Don Baylor capped a six-run 11th with a grand slam home run to spark New York to its 12-6 triumph over the White Sox.

Brewers 7, Red Sox 5

In Boston, Charlie Moore and Cecil Cooper doubled home runs to highlight a Milwaukee ninth that rallied Milwaukee to a 7-5 decision over the Red Sox. The Brewers, who won 20 games in July, have taken 22 of their last 30.

Major League Standings

AMERICAN LEAGUE EAST

| Team | W | L | Pct. | GB |
|-----------|----|----|------|----|
| Baltimore | 57 | 40 | .590 | 0 |
| Detroit | 57 | 40 | .590 | 0 |
| Toronto | 57 | 40 | .590 | 0 |
| Minnesota | 55 | 44 | .558 | 4 |
| Cleveland | 41 | 60 | .400 | 19 |

WEST

| Team | W | L | Pct. | GB |
|-------------|----|----|------|----|
| Chicago | 57 | 40 | .590 | 0 |
| Kansas City | 57 | 40 | .590 | 0 |
| Texas | 57 | 40 | .590 | 0 |
| California | 55 | 44 | .558 | 4 |
| Oakland | 41 | 60 | .400 | 19 |
| Seattle | 41 | 60 | .400 | 19 |

NATIONAL LEAGUE EAST

| Team | W | L | Pct. | GB |
|--------------|----|----|------|----|
| Pittsburgh | 57 | 40 | .590 | 0 |
| Philadelphia | 57 | 40 | .590 | 0 |
| St. Louis | 57 | 40 | .590 | 0 |
| Montreal | 57 | 40 | .590 | 0 |
| Chicago | 57 | 40 | .590 | 0 |
| New York | 57 | 40 | .590 | 0 |

WEST

| Team | W | L | Pct. | GB |
|---------------|----|----|------|----|
| Atlanta | 57 | 40 | .590 | 0 |
| Los Angeles | 57 | 40 | .590 | 0 |
| San Diego | 57 | 40 | .590 | 0 |
| San Francisco | 57 | 40 | .590 | 0 |
| San Francisco | 57 | 40 | .590 | 0 |
| San Francisco | 57 | 40 | .590 | 0 |

First Games

| Team | W | L | Pct. | GB |
|--------------|----|----|------|----|
| New York | 57 | 40 | .590 | 0 |
| Toronto | 57 | 40 | .590 | 0 |
| Philadelphia | 57 | 40 | .590 | 0 |
| St. Louis | 57 | 40 | .590 | 0 |
| Montreal | 57 | 40 | .590 | 0 |
| Chicago | 57 | 40 | .590 | 0 |
| New York | 57 | 40 | .590 | 0 |

Second Games

| Team | W | L | Pct. | GB |
|--------------|----|----|------|----|
| New York | 57 | 40 | .590 | 0 |
| Toronto | 57 | 40 | .590 | 0 |
| Philadelphia | 57 | 40 | .590 | 0 |
| St. Louis | 57 | 40 | .590 | 0 |
| Montreal | 57 | 40 | .590 | 0 |
| Chicago | 57 | 40 | .590 | 0 |
| New York | 57 | 40 | .590 | 0 |

Third Games

| Team | W | L | Pct. | GB |
|--------------|----|----|------|----|
| New York | 57 | 40 | .590 | 0 |
| Toronto | 57 | 40 | .590 | 0 |
| Philadelphia | 57 | 40 | .590 | 0 |
| St. Louis | 57 | 40 | .590 | 0 |
| Montreal | 57 | 40 | .590 | 0 |
| Chicago | 57 | 40 | .590 | 0 |
| New York | 57 | 40 | .590 | 0 |

Fourth Games

| Team | W | L | Pct. | GB |
|--------------|----|----|------|----|
| New York | 57 | 40 | .590 | 0 |
| Toronto | 57 | 40 | .590 | 0 |
| Philadelphia | 57 | 40 | .590 | 0 |
| St. Louis | 57 | 40 | .590 | 0 |
| Montreal | 57 | 40 | .590 | 0 |
| Chicago | 57 | 40 | .590 | 0 |
| New York | 57 | 40 | .590 | 0 |

Fifth Games

| Team | W | L | Pct. | GB |
|--------------|----|----|------|----|
| New York | 57 | 40 | .590 | 0 |
| Toronto | 57 | 40 | .590 | 0 |
| Philadelphia | 57 | 40 | .590 | 0 |
| St. Louis | 57 | 40 | .590 | 0 |
| Montreal | 57 | 40 | .590 | 0 |
| Chicago | 57 | 40 | .590 | 0 |
| New York | 57 | 40 | .590 | 0 |

Sixth Games

| Team | W | L | Pct. | GB |
|--------------|----|----|------|----|
| New York | 57 | 40 | .590 | 0 |
| Toronto | 57 | 40 | .590 | 0 |
| Philadelphia | 57 | 40 | .590 | 0 |
| St. Louis | 57 | 40 | .590 | 0 |
| Montreal | 57 | 40 | .590 | 0 |
| Chicago | 57 | 40 | .590 | 0 |
| New York | 57 | 40 | .590 | 0 |

Seventh Games

| Team | W | L | Pct. | GB |
|--------------|----|----|------|----|
| New York | 57 | 40 | .590 | 0 |
| Toronto | 57 | 40 | .590 | 0 |
| Philadelphia | 57 | 40 | .590 | 0 |
| St. Louis | 57 | 40 | .590 | 0 |
| Montreal | 57 | 40 | .590 | 0 |
| Chicago | 57 | 40 | .590 | 0 |
| New York | 57 | 40 | .590 | 0 |

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